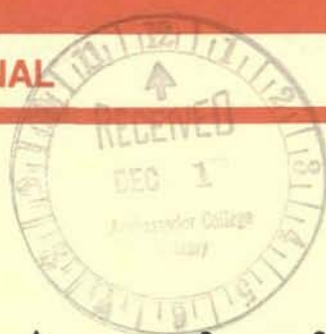


# CURRENT HISTORY

A WORLD AFFAIRS JOURNAL

DECEMBER, 1986



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# Current History

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DECEMBER, 1986  
VOLUME 85      NUMBER 515

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# Current History

DECEMBER, 1986

VOL. 85, NO. 515

*Central America's economic depression continues. Nascent democratic governments remain politically unstable, and guerrilla wars persist in El Salvador, Guatemala and Nicaragua. Our lead article asserts that "nowhere in Central America has the Reagan administration made a serious advance toward peace and security." With its focus on Nicaragua, the administration "seeks to impress the world with America's resolve, [but] any outcome short of Sandinista removal will be humiliating. The Sandinista dog may be bleeding, but by the time Ronald Reagan leaves the White House, the world will focus not on Nicaragua's wounds, but on the fact that it still stands, defiant."*

## The Reagan Doctrine and Central America

BY PIERO GLEIJESES

*Adjunct Professor of American Foreign Policy and Latin American Studies, School of Advanced International Studies,  
Johns Hopkins University.*

**P**RESIDENT Ronald Reagan inherited from his predecessor a Central America in upheaval and a bankrupt policy. Through most of the region, the left was on the offensive and pro-American forces were in retreat. Murderous generals in El Salvador and Guatemala were slaughtering thousands of their countrymen while losing ground militarily. In Nicaragua, the Sandinistas were riding high and arrogant, popular at home and respected abroad. Not only the Russians and the Cubans, but even the French and the Mexicans were intruding in Central America, as if it were no longer part of the United States sphere of influence.

The radical onslaught has ebbed. In many ways, Sandinista Nicaragua is like a bloodied, cornered dog, while Ronald Reagan's contras field more armed men than the Salvadoran or Guatemalan guerrillas ever did.

True, the United States Congress resisted the President's plea to provide military assistance to Guatemala—but on their own, the Guatemalan generals broke the guerrilla offensive in 1982–1983. Terror was unleashed in the Indian highlands, where support for the guerrillas ran high. As tens of thousands were

slaughtered and whole communities destroyed, the guerrillas, who had many supporters but few weapons, withdrew in defeat. The generals then had the good grace to allow elections. In December, 1985, the Christian Democrat Vinicio Cerezo Arévalo was elected President. In the United States, luminaries of the Democratic party who had long been skeptical of developments in Guatemala gave full vent to their enthusiasm.<sup>1</sup> Whether or not Guatemala is a democracy in name only, two facts stand out: the Guatemalan guerrillas are now far weaker than they were in the early 1980's, and the United States Congress no longer criticizes Reagan's Guatemala policy.

While the Reagan administration was only a sympathetic bystander as the generals restored order in Guatemala, the United States alone saved the inept Salvadoran army from defeat at the hands of insurgents who were far better armed and trained than those in Guatemala. For the first three years of his presidency, Ronald Reagan provided vital economic and military aid to the Salvadoran regime amid the taunts and the attacks of the Democratic party in the United States. Then, with the May, 1984, election of Christian Democrat José Napoleón Duarte to the presidency, administration critics finally relented; El Salvador was not even an issue in the United States presidential contest later that year. As Jefferson Morley has pointed out, "congressional Democrats and Republicans alike show little interest in any facts that

<sup>1</sup>See for instance Senator Edward Kennedy (D., Mass.) and Representative Michael Barnes (D., Md.), "Guatemala Vows 'Active Neutrality,'" *Washington Post*, December 18, 1985.

cast doubts on Duarte's image as a plucky reformer."<sup>2</sup> For President Reagan, this is another success.

Lucid supporters of President Reagan concede that the United States record in Central America is not without blemish. "Liberty," writes Charles Krauthammer,

has not always been the American purpose. Guatemala 1954 exemplifies American banana diplomacy, undertaken under the assumptions that democracy is not a real option in the Third World, and that interest is the only relevant consideration. But history is not destiny, and today's America is not Teddy Roosevelt's or Eisenhower's or even that imagined by Ronald Reagan the candidate.<sup>3</sup>

In fact the past has not been overcome. Through covert operations and overt military interventions, through Republican and Democratic administrations, one principle remains paramount: Central America and the Caribbean are the sphere of influence par excellence of the United States.

Until the 1970's the region (Cuba excepted) was a model sphere of influence: the cost of control was minimal. Not a single American died in the Central Intelligence Agency (CIA) operation that overthrew the democratic government of Guatemala in 1954; fewer than 50 Americans were killed in the 1965 invasion of the Dominican Republic. This ease of control led to bipartisan agreement and moral complacency. The United States policy was always justified in moral terms, and only occasionally was the morality questioned.

The debate over Central America has acquired an unprecedented intensity because of two related developments: the costs are no longer insignificant and a number of Americans are questioning the moral implications of United States policy in the region. Through most of Ronald Reagan's first term, the debate focused primarily on how to win the war in El Salvador. As El Salvador receded into the background, Nicaragua—and the contra war—became paramount. Honduras and Costa Rica are seen only as a function of Nicaragua. Guatemala's insurgents were never powerful enough to attract the focus of United States attention.

The debate on Central America is distorted by two myths. It is the comforting tenet of conservative orthodoxy that the United States "lost" Nicaragua because Jimmy Carter was a weak President. It is the firm belief of American liberals that President Carter, unlike President Reagan, upheld human rights and sought a moderate, centrist solution in El Salvador.

But Jimmy Carter's conservative critics fail to show how he could have prevented a Sandinista victory short of sending American troops to Nicaragua, and his

liberal supporters mistook rhetoric for reality in El Salvador. Through 1980, in El Salvador, the Carter administration sought to persuade a murderous band of mafiosi in uniform to become respectable, moderate officers, all the while proclaiming that this was happening. As the death toll mounted and even the political center was wiped out by the army's slaughter, the Carter administration became increasingly committed to supporting the military—whatever its crimes—as the only alternative to a guerrilla victory. This was Jimmy Carter's legacy to Ronald Reagan.

Since coming to power in 1981, the Reagan administration has devoted so much attention to Central America that the rest of the hemisphere has often appeared as the tiny appendage of a bloated isthmus. To a large degree, history and geography made this inevitable. But so did the particular outlook of the Reagan administration: in a world view that stresses the need to reassert America's will, how can the United States expect the world's respect if it fails to maintain the Pax Americana in its own backyard? Moreover, the Reagan administration wants to do more than just prevent the "loss" of other Central American countries; it also intends to turn back the tide in Nicaragua. Just as Secretary of State John Foster Dulles's doctrine of "rollback" in the 1950's castigated containment as immoral and promised the liberation of the "captive peoples" of East Europe, so the "Reagan Doctrine" preaches the liberation of the people of the third world from the Soviet yoke. While the doctrine was articulated only in President Reagan's second term, Nicaragua—which is the heart of the Reagan Doctrine—loomed large in the Reaganite mind from the very beginning.

With remarkable consistency, President Reagan refused to entertain the possibility of a *modus vivendi* with the Sandinista regime. To do otherwise would have meant, for the President and his advisers, the betrayal of deeply held beliefs. Even as Anastasio Somoza Debayle fell, conservative Americans branded the Sandinistas as irredeemable Marxist-Leninists of the Soviet/Cuban brand. They loudly reaffirmed this belief through the remaining year and a half of the Carter administration.

True, in order to project a more tempered image, the Reagan administration initially moderated its anti-Sandinista rhetoric. Until 1985, its public demands on Managua addressed only Sandinista foreign and military policy: Nicaragua's assistance to the Salvadoran rebels; Nicaragua's military ties with Cuba and the Soviet Union; the size of the Nicaraguan army. The Sandinistas responded by offering to negotiate and greatly reduced their assistance to the Salvadoran rebels. Between 1981 and 1985, there were occasional talks between Washington and Managua, even as United States aid to the contras increased. These talks proved inconsequential and short-lived.

<sup>2</sup>Jefferson Morley, "Salvador Justice," *The New Republic*, September 8, 1986, p. 15.

<sup>3</sup>Charles Krauthammer, "Morality and the Reagan Doctrine," *ibid.*, pp. 18–19.



Only one concession could have satisfied the Reagan administration: that the Sandinistas surrender political power. At issue was not a particular Sandinista policy, but the Sandinistas themselves; the Sandinista cancer had to be extirpated lest it spread through Central America and into Mexico.

It is understandable, therefore, that Nicaragua has become the administration's major concern in the third world. On no other issue has the President so committed his prestige—not on aid to Jonas Savimbi's guerrillas in Angola, not on the Cambodian and Afghan insurrections, and not even on the crusade against Libyan strongman Muammar Qaddafi. In foreign policy, unqualified support of the Nicaraguan contras has become the litmus test of the Reagan loyalist.

### THE CONTRAS

The contras hail from truly humble beginnings. Their "founding fathers" are National Guardsmen who fled Nicaragua after Somoza's defeat; in exile, many worked initially as hired killers in the Guatemalan death squads or participated in extortions and robberies; later, they were taken in hand by the military junta of Argentina, which extended its murderous "War without Frontiers" into Central America; finally the CIA took over in 1981–1982, and the miracle of the contras began.

The contras' top leadership has been selected by the Reagan administration, which first created the Nicaraguan Democratic Force (FDN) and then its umbrella organization, the United Nicaraguan Opposition (UNO). This sets the contras apart not only from the Salvadoran and Guatemalan insurgents (no foreign patron chose their leaders), but also from the three other movements that enjoy the moral and material blessings of the Reagan Doctrine: the rebels of Afghanistan, Cambodia and Angola.

The Reagan administration favors contra leaders who are pliant and whose hatred for the Sandinistas is above suspicion. This is why, within UNO, it prefers Adolfo Calero (nicknamed "Sí Señor, Yes, Mr. Yanqui") to the more respectable but less malleable Arturo Cruz; this is why it favors former Somoza Colonel Enrique Bermudez and has shunted aside Edén Pastora, the only charismatic leader of the anti-Sandinista exiles. This narrow approach is consistent with past United States behavior in the region: the Eisenhower administration proceeded in like fashion in the Guatemalan affair, and so did the Kennedy administration in the Bay of Pigs.

United States officials argue, correctly, that many

contras were mere children when Somoza fell, and that others are disaffected Sandinistas. More to the point, Arturo Cruz noted in 1983:

Most of those persons in positions of military authority within the FDN are ex-members of the National Guard, who unconditionally supported Somoza until the end, against the will of the Nicaraguan people.<sup>4</sup>

This remains true. A recent congressional study noted that 46 out of 48 positions in the FDN's military command structure are held by former Guardsmen.<sup>5</sup> This helps to explain why the contras' human rights record is so dismal, as human rights organizations have repeatedly shown. Indeed, it is the worst record among insurgent groups in Central America.

By approving the President's request for \$100 million for the contras, Congress has given Ronald Reagan his greatest victory to date in the war against Nicaragua. But this will prove a Pyrrhic victory. Through the President's first term, the CIA's Directorate of Intelligence kept suggesting to CIA Director William Casey that the contras were a hopeless investment—without United States support they would fold within a short time, and even with United States support their political and military effectiveness would remain highly circumscribed. This advice conflicted with the administration's mindset, and was disregarded. Worse, through bureaucratic pressure Casey has silenced or has eased out the bearers of the bad news.<sup>6</sup>

Of course the contras' woes are also the result of the Sandinistas' military muscle, pervasive security apparatus, Soviet equipment, Cuban military training, and continuing popularity among an important minority of the population—particularly the youth.

This is only part of the story. The contras' *Somocista* origins, their atrocities against the civilian population, and their lack of a political program and charismatic leaders have contributed to their inability to gain some of the support the Sandinistas have lost. The stifling control exerted by the United States—including CIA operatives who have little knowledge of Nicaraguan society—has deepened the contras' lack of self-reliance. United States patronage helps them to swell their ranks with recruits attracted by economic rewards, sanctuaries in Honduras and the belief that if the United States intends to bring down a government in the region, it will succeed. But this belief (which also characterized the anti-Castro Cubans in the early 1960's) is debilitating: those who expect a foreign patron to win a war for them are reluctant to risk their own lives; and they will melt away if ever they realize that this patron will not risk the lives of his own soldiers.

### THE ADMINISTRATION'S GOAL

The Reagan administration embarked on its Nicaraguan policy with the firm belief that the Sandinistas

<sup>4</sup>Arturo J. Cruz, "Nicaragua's Imperiled Revolution," *Foreign Affairs*, vol. 61, no. 5 (Summer, 1983), p. 1044.

<sup>5</sup>Arms Control and Foreign Policy Caucus, *Who Are the Contras?* (Washington, D.C., April 18, 1985).

<sup>6</sup>Personal interviews with CIA analysts and other government officials.

must be overthrown or, at least, theirs must become a revolution of misery, a frightful object lesson to the people of the region.

Initially the Salvadoran conflict provided a rationale for covert United States operations: under attack, it was argued, the Sandinistas would be less prone to assist the Salvadoran rebels; then, as the situation in El Salvador improved, the prospect of victory on one front spurred the administration's hard-liners toward greater boldness on the other. The Sandinistas' difficulties added to the Reagan administration's hopes: the sharp deterioration of Nicaragua's economy, the Sandinistas' growing isolation abroad and their loss of popularity at home, the willingness of the United States Congress (until mid-1984) to tolerate the covert operations, and the muted response to these operations from the West European and Latin American governments.

Thus there was a shift in the administration's approach to Nicaragua, when the minimum objective—the ruin of the revolution—paled before the dream of total victory. While the administration's Cassandras were silenced, a small group of true believers forged ahead toward a misty land of lofty hopes and hazy plans.<sup>7</sup> They would build the contras into a powerful force. A combination of Yankee pressure and Sandinista ineptitude would cripple Nicaragua's faltering economy. Discontent among the population would grow.

In true Leninist fashion, the Sandinistas would respond through harsher repression. This would increase their unpopularity at home and discredit them abroad, drying up precious sources of economic and political support. As the vicious circle tightened around the Sandinista neck, the Soviet Union, with customary niggardliness, would provide only minimal economic aid. The day would finally come when the Sandinistas, despised and dispirited, would face tens of thousands of well-armed, resolute contras enjoying massive popular support.

### AMERICAN TROOPS?

The moment of truth is approaching. United States troops alone can bring the Sandinistas down. Will Ronald Reagan invade before his term ends?

As a contra official has noted, "if there is a will, a pretext to invade can always be found."<sup>8</sup> If President Reagan believes that he can invade, win and with-

<sup>7</sup>The strongholds of these ideologues were and remain the National Security Council and the CIA. Even more than his two predecessors, Assistant Secretary of State Elliott Abrams is a true believer. One must say that seldom has a major policy by a highly popular administration enjoyed such low support in public opinion and the bureaucracy, but the hard-liners have Reagan's unstinting support.

<sup>8</sup>Interview with author.

<sup>9</sup>This paragraph is based on interviews with Defense Department and State Department officials.

draw quickly with few casualties, he will be sorely tempted to place before Congress the fait accompli, trusting that Congress and public opinion will rally to the victory and overlook the international outcry. This is not an unreasonable assumption; a majority of Americans would welcome the overthrow of the Sandinistas if it could be accomplished at little cost.

But even if the CIA and the NSC (National Security Council) were to press such a rosy scenario, an invasion is extremely unlikely; within the Defense Department only a clutch of civilian appointees, led by Undersecretary Fred Iklé, share the views that have been described above. The consensus among Defense Department professionals is that the contras are "worse than useless": not only will they prove worthless once an invasion has begun, but they tempt some key United States officials to believe that such an invasion is viable. Furthermore, despite their many woes, the Sandinistas are now a far more formidable foe than they were at the end of President Reagan's first term: their army is now larger and better equipped, and it is better trained and possesses what it lacked in 1983–1984: a sufficient number of experienced junior officers.

These Defense Department professionals believe that an invasion will provoke neither a mass uprising against American forces, nor the collapse of the Sandinista army. A moderate estimate is that four to six American divisions would be needed for an initial invasion and the capture of four key cities, including Managua. After approximately four months, some troops would withdraw and the rest would form an occupation force; it would take an additional four years and eight months to pacify the country. Total United States casualties would be well over 10,000—perhaps even more than 20,000. The operation would cost \$4.5 billion.<sup>9</sup>

Should President Reagan consider an invasion, the Joint Chiefs would explain forcefully the military costs of the operation; Defense Secretary Caspar Weinberger, who has been extremely chary of committing United States troops in Central America, would be equally eloquent. It is highly improbable that President Reagan would disregard the advice of his military. Should he be so inclined, Vice President George Bush and most leaders of the Republican party, their thoughts on the 1988 elections, would fervently oppose such a risky path.

The Reagan administration will seek to intensify the contra war and may even resort to the selective

(Continued on page 435)

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*"The Sandinista government is politically more flexible and economically less inept than its detractors admit. . . . United States pressure has forced Sandinista leaders to adjust and innovate in order to defend their regime, but it also appears to have strengthened rather than weakened their will and capacity to rule."*

## War and the Nicaraguan Revolution

BY JOHN A. BOOTH

*Professor of Political Science, North Texas State University*

SINCE 1977, Nicaragua has suffered a revolution and two wars. After a two-year insurrection, a broad rebel coalition led by the Sandinista National Liberation Front (FSLN) overthrew the Somoza dynasty in July, 1979. The victorious insurgents included diverse groups with very different goals for transforming Nicaragua. The subsequent breakdown of the rebel coalition and the United States-backed counterrevolutionary war that followed have sharply affected Nicaragua's economy and have forced the Sandinistas to make rapid shifts in public policy as they struggle to salvage their revolution. An examination of the regime reveals that the Sandinista government is politically more flexible and economically less inept than its detractors admit.

The Sandinistas quickly dominated the new government by dint of superior organization and arms.<sup>1</sup> Major policy decisions were made by the FSLN's nine-member National Directorate (DNC), whose members held key Cabinet posts and formed a majority of the revolutionary junta. The new government intended to destroy the economic and political bases of the old regime; this was the only goal to which the entire rebel coalition subscribed.

The Sandinistas also wanted to socialize key profit-generating economic sectors, and redistribute services, income and wealth to the urban and rural poor through agrarian reform, wage improvements, regulation of the private sector, and the expansion and reform of government services. To attract political support, they mobilized popular organizations, labor and peasant unions, and neighborhood Sandinista defense committees (Comités de Defensa Sandinista, CDS's). They maintained political pluralism (allowing other anti-Somoza forces to participate in the political process)

and for several years they eliminated most of the old regime's human rights abuses.

However, despite the clarity of their general goals, the Sandinistas revealed a flexibility about specific policies that to some observers bespoke confusion. Some of this flexibility arose from Nicaragua's geopolitical context, which suggested to FSLN leaders that traditional Marxist-Leninist economic and political models would doom the Nicaraguan revolution. They believed that the country's proximity to and economic dependence on the United States "obliged us, independently of our will, to develop political pluralism and a mixed economy. That tactic became a strategy."<sup>2</sup>

Other elements of the rebel coalition were smaller and less well organized, but they were clear about their differences with the FSLN. Unburdened by the complex challenges of actually governing Nicaragua, opponents from around the ideological compass denounced Sandinista programs.<sup>3</sup> Several small radical leftist parties, for instance, execrated the FSLN for sins ranging from collaboration with the private sector to selling out to the United States and kowtowing to the Roman Catholic Church. In contrast, major private sector groups and several centrist and rightist parties decried the galloping growth of the public sector and the crippling new regulatory burden, and accused the FSLN of being pro-Soviet and atheistic.

Growing dissension about goals among these once-allied groups soon fragmented the original rebel coalition. Among the first to break with the FSLN were the Social Christian party (PSCN), the Constitutionalist Liberal party (PLC), the Nicaraguan Democratic Movement (MDN), the Social Democratic party (PSD), several private sector organizations and two unions; these groups formed the Democratic Coordinating Committee (CD). The CD was backed by upper-class and some middle-class elements and by the increasingly politicized hierarchy of the Catholic Church. From 1981 to 1984, the Independent Liberal party (PLI) and the Popular Social Christian party (PPSC)—both generally drawing upon middle-class backing—supported the FSLN. These two parties, however, broke with the Sandinistas to contest the November 4, 1984, election. Other middle-class and

<sup>1</sup>John A. Booth, *The End and the Beginning: The Nicaraguan Revolution*, 2d ed. (Boulder, Colo.: Westview Press, 1985), chapters 9–10.

<sup>2</sup>Interview with Tomás Borge Martínez in *Pensamiento Propio*, vol. 3 (June–July, 1985), p. 8; author's translation.

<sup>3</sup>Richard L. Millett, "Nicaragua's Frustrated Revolution," *Current History* (January, 1986), pp. 75–76; Stephen M. Gorman, "Nicaragua," *Latin American and Caribbean Contemporary Review (LACCR)*, vol. 2 (1982); and John A. Booth, "Nicaragua," *LACCR*, vol. 3 (1984).

many lower-class groups sided with the Sandinistas.

### ARMED OPPOSITION AND WAR

When it became clear that the resources of the opposition could not match those of the Sandinistas, some opponents turned to arms. A large part of the opposition remained in Nicaragua and has continued to participate in the government. But many others, like former Sandinista allies Edén Pastora and Alfonso Robelo, joined with former Somoza supporters and ex-National Guard members in several political and military counterrevolutionary (*contra*) groups.<sup>4</sup> By 1985, various elements of the domestic opposition within Nicaragua—including leaders of the CD, the private sector and the Catholic hierarchy—had openly revealed their sympathies toward and links with the armed counterrevolutionaries who were waging war against the new regime.

Beginning covertly in 1980 and escalating overtly since 1981, aid and advice from the United States built several counterrevolutionary factions into guerrilla armies that grew to about 15,000 troops by 1985.<sup>5</sup> The main contra organizations were the Honduras-based Nicaraguan Democratic Forces (FDN) backed by the United States Central Intelligence Agency (CIA) and the Costa Rica-based Revolutionary Democratic Alliance (ARDE). The FDN launched major guerrilla operations inside Nicaragua beginning in 1983. ARDE forces conducted similar operations in southern Nicaragua in 1983–1984. By 1985 ARDE had been effectively defeated, leaving the FDN as the main contra military force. When it became apparent that the contras could not defeat the Sandinista regime and its armed forces, rebel strategy shifted to economic sabotage and terrorism against civilians.<sup>6</sup> Continuing United States efforts to unite the fractious counterrevolutionary organizations met with only mixed success, but in 1986 an umbrella organization known as the United Nicaraguan Opposition (UNO) appeared.

The Sandinista government mobilized massively to fight the rebel forces. In early 1984, the government implemented a largely unpopular draft law in order

to increase troop strength. Because of the draft, regular forces increased to roughly 41,000 troops by 1985, with 21,000 militia on active duty and 40,000 more militia in reserve.<sup>7</sup> (Resistance to the draft within Nicaragua appeared to have subsided substantially, but had not disappeared, by mid-1985.) The United States State Department regularly claims that Nicaraguan regular troop strength ranges up to 62,000 regular troops and 60,000 militia,<sup>8</sup> but such claims appear to be exaggerated by a factor of two. Despite the United States accusation that Nicaragua's military buildup was a threat to its neighbors, senior United States diplomatic sources in the region and a secret United States intelligence study concluded that the "overall buildup is primarily defense-oriented."<sup>9</sup>

Deploying a growing supply of Soviet-built helicopters for rapid mobility, the Sandinista Popular Army (EPS) has waged a largely successful campaign against the counterrevolutionaries. In 1984, ARDE's southern front was demolished and ARDE was driven back into Costa Rica. In 1985, the EPS rapidly gained ground against FDN forces in northern and eastern regions. In August, 1985, a major FDN drive into the region around Estelí was easily defeated. By the time of the 1985–1986 coffee harvest, the EPS and militia had driven most FDN forces back into Honduras, and the crop was collected without the disruption of previous seasons.

The Sandinista regime now appears capable of defending itself against the counterrevolutionary challenge so long as the United States does not introduce American troops directly into the conflict. However, Nicaragua's military success against the contras does not suggest that the war has been either small or easy on Nicaragua. The United States has appropriated more than \$200 million in aid to support and arm the contras. Some 11,000 civilians have been killed since 1980. Mobilization has disrupted countless lives, narrowed the political opportunity for opposition, markedly eroded the revolution's human rights record, and scuttled many social programs.

In order to sense the enormity of this war's impact on Nicaragua, a statistical analogy to the United States is helpful. If the United States were being attacked in proportion to Nicaragua, over 1.1 million troops led by a dissident political faction based in Canada and Mexico would be sabotaging economic targets and murdering citizens throughout its border states. Those troops would have received \$15 billion in aid from a gigantic and wealthy third nation that aimed to topple the government. The rebels would have killed over 830,000 American civilians, wounded even more, and caused billions of dollars of damage to the service infrastructure and the economy.

### ECONOMIC COSTS OF THE WAR

Critics accuse the Sandinistas of badly mismanag-

<sup>4</sup>*Who Are the Contras?* (Washington, D.C.: United States Congress, Arms Control and Foreign Policy Caucus, April 18, 1985), pp. 1–7.

<sup>5</sup>See Booth, *LACCR*, vol. 3, and Booth, *The End and the Beginning*, chapter 9; *The New York Times*, April 23, 1985, pp. 1, 8.

<sup>6</sup>*Mesoamérica*, March, 1985, pp. 1–2; Reed Brody, *Contra Terror in Nicaragua* (Boston: South End Press, 1985); *Nicaragua: Revolutionary Justice* (New York: Lawyers Committee for International Human Rights, April, 1985), pp. 152–161.

<sup>7</sup>Doyle McManus, "U.S. Aides Debate Nicaragua Threat," *Los Angeles Times*, April 21, 1985, p. 18.

<sup>8</sup>See, for example, Secretary of State George Shultz's speech before the Indianapolis Economic Club, April 22, 1985, in United States Department of State, Bureau of Public Affairs, *Current Policy*, no. 691, p. 3.

<sup>9</sup>McManus, op. cit., p. 1.



ing enterprises taken over from the Somozas, reducing public investment, frightening away foreign capital and failing to communicate effectively with the private sector. "Bureaucratic controls [and] the avalanche of communiqués and policy proposals from different ministries are but an obstacle to production."<sup>10</sup> They argue that the regime openly seeks to abolish the private sector, harasses the leaders of business organizations, and violates its promises to respect private holdings.<sup>11</sup>

While Nicaraguan economic performance has indeed been weak in the mid-1980's, regime critics tend to disregard the considerable impact of the war itself as a cause of poor performance; they also fail to compare Nicaragua with other nations in the region or the hemisphere. For example, the Superior Council of Private Enterprise's (COSEP) overview of the economy divides its analysis into two periods: 1978–1979, labeled "the insurrection"; and 1980–1985, labeled "peace."<sup>12</sup> Using the regime's own economic statistics, the document traces declining government investment, declining consumption and increased inflation and foreign borrowing since 1982. However, the analysis ignores the war as a causal factor.

With the revolution now in its seventh year, it is worthwhile to assess the war's actual impact. E. V. K. Fitzgerald, an economic adviser to the Nicaraguan government, has estimated several direct and indirect costs for the period 1980–1984.<sup>13</sup> Direct material losses during that period were \$97.1 million, and production losses due largely to the disruption of agriculture totaled \$282.5 million. The pace of direct material and production losses due to the war accelerated rapidly in 1983 and 1984 but probably slowed in 1985 and 1986.

Defense spending is a second direct cost of the war. Military expenditures ballooned to one-fourth the national budget by 1983, one-third by 1984, and about

one-half the budget by 1986.<sup>14</sup> In 1984, therefore, defense spending amounted to about 15 percent of Nicaragua's gross domestic product (GDP), and by 1986 it escalated to about one-fourth of the GDP.

A third direct cost of the war has been the lost production of key primary products. Because they happen to be produced mainly in the war zones, lumber, fish, metals and (much more important) corn and bean production have suffered dramatic declines. Fitzgerald estimated 1980–1984 production losses at \$282.5 million, with some 60 percent of those losses taking place in 1984 alone.<sup>15</sup> The lost production of basic grains obliged Nicaragua to import corn and beans. Lost coffee, lumber and seafood exports from 1982 through 1984 are estimated to have totaled over \$300 million.

These direct effects lead to other, indirect costs. First, according to Fitzgerald, defense spending is "subtracted from resources for health, education, and productive investment that the rest of the budget represents." Sharp cuts in the education budget since 1984, for example, have dramatically reduced school construction and maintenance, curtailed the availability of educational materials, and forced the suspension of a free textbook program.<sup>16</sup> Similar serious disruptions have occurred in health care and urban services and have contributed to public dissatisfaction.

Another indirect cost stems from the decline in export earnings, which has forced the government to implement a draconian austerity program to curtail all but the most critical imports. Economic austerity has reduced the amount of fertilizers, oil, industrial raw materials, repair parts, agricultural machinery, trucks and other essentials for production, thus diminishing the productivity of the Nicaraguan economy. For example, brewers and soft-drink bottlers, who have not been able to import or obtain locally scarce bottles or bottle caps, have lost production and sales. Anyone who has visited Nicaragua since 1984 has encountered the intermittent shortages of consumer goods that are immensely frustrating to the urban population.

A third indirect cost is inflation. Military spending has swollen government expenditure, much of which has been financed simply by printing money, a powerful contributor to the inflationary spiral in 1985 and 1986.<sup>17</sup>

A fourth indirect cost stems from increased foreign borrowing. External debt had risen to a staggering \$4.7 billion by 1985—almost double the annual GDP—so that debt service has slowed economic growth. In 1981 and 1982, Nicaragua spent about 20 percent of its total export earnings on debt service. Since 1983, the government has continued to borrow abroad, but it has renegotiated its debt package to reduce debt service to around 10 percent of export earnings each year. Although this has lightened the burden since 1983, the debt still drags heavily on the economy.

<sup>10</sup>Address by Jaime Bengoechea to convention of the Consejo Superior de la Empresa Privada (COSEP), Managua, July 17, 1985, published in *Requiem por la economía mixta* (n.p., n.d.), p. 6.

<sup>11</sup>*Ibid.*, pp. 4–7; Address by Enrique Bolaños Geyer to COSEP convention, in *Requiem*, pp. 42–52.

<sup>12</sup>Instituto de Investigaciones Económicas y Sociales de la Empresa Privada, *Nicaragua 85: ¿Cómo vamos?* (Managua: COSEP, 1985), p. 4.

<sup>13</sup>E. V. K. Fitzgerald, "Una evaluación del costo económico de la agresión del gobierno estadounidense contra el pueblo de Nicaragua" (Paper presented to the Latin American Studies Association, Albuquerque, New Mexico, April, 1985).

<sup>14</sup>*Ibid.*, p. 6; author's interview with E. V. K. Fitzgerald, Managua, August, 1985. This and other interviews cited were conducted with the support of a faculty research grant provided by North Texas State University.

<sup>15</sup>Fitzgerald, *op. cit.*, p. 7.

<sup>16</sup>Author's interview with Julián Corrales, vice minister of education, Managua, August 14, 1985.

<sup>17</sup>Fitzgerald, *op. cit.*, p. 16, and Fitzgerald interview.

Other problems have slowed the Nicaraguan economy and disrupted its development. First, the United States has worked to deny Nicaragua foreign credit since 1981. United States government grants and loans made a significant contribution to the postwar recovery effort in 1979–1980; private United States banks had long constituted an important source of short-term credit for the Nicaraguan economy. President Ronald Reagan's administration cut off United States credit and grants in 1981, and successfully pressured private and multilateral lenders to stop lending to Nicaragua. Under United States pressure, for example, the World Bank suspended credit to Nicaragua in 1982; the Inter-American Development Bank followed suit in 1983.

This United States and multilateral credit boycott has had four effects. It forced Nicaragua to turn to the socialist bloc for an increasing portion of its aid. It cut the overall amount of foreign credit available to Nicaragua to about half the 1982 levels by 1984. It raised the cost of credit by forcing Nicaragua to replace "soft" (low interest) multilateral loans with bilateral loans on "hard" (higher interest) terms. The credit crunch has also retarded government investment in development projects.<sup>18</sup>

The trade boycott imposed by the Reagan administration in 1985 posed another economic problem. A major market for Nicaraguan exports, the United States had long been Nicaragua's major supplier of industrial inputs, medicines, machinery and spare parts. The trade embargo temporarily interrupted production until new raw materials suppliers and markets were found. Replacement parts and machinery had to be purchased elsewhere at generally higher prices. Private producers have been among the major victims of both the credit and trade embargoes because these embargoes raised production costs, idled plants and equipment and denied producers necessary materials.<sup>19</sup>

Fitzgerald's estimate of the war's impact in direct damage and losses totals \$521.3 million for the 1980–1984 period. To this must be added the economic activity that did not occur because of reduced investment, disruption of local markets, troop mobilization and heavy defense spending, as well as the

longer-term damage to human and capital resources through lost education, health effects, lack of maintenance and the like. Accepting Fitzgerald's conservative estimate that the war has reduced GDP four percent per year, the cumulative cost from 1982 through 1986 would amount to at least an additional \$500 million. Thus, one may conservatively estimate the war's economic damage to Nicaragua at well in excess of \$1 billion. Other estimates approach \$1.5 billion.

Such arid figures, however, tell nothing about how the war has affected the Nicaraguan people. Standards of living have dropped noticeably since 1984, because of decreasing real income and because economic austerity programs have made luxury consumables scarce. Shortages, rationing, speculation and inflation—the bane of urban consumers—have become commonplace. Far more important than such material discomfort, however, is the fact that by late 1986 the contra war had killed an estimated 11,000 people. War had displaced tens of thousands of people from combat zones in the north and east. Many of the displaced moved to relocation camps in the north, and many others migrated to squatter settlements on the outskirts of Managua. Many Nicaraguans blame the FSLN for these ills and for the political polarization that has accompanied them.

#### ECONOMY IN COMPARATIVE PERSPECTIVE

Like all Central America, Nicaragua has suffered from external economic forces other than the war. Prominent among these factors has been the rapid deterioration of Nicaragua's terms of trade (relative prices of imports versus exports). For the 1980–1985 period, Nicaragua's terms of trade eroded by 33.9 percent—the most severe decline in Latin America.<sup>20</sup> This wiped out the benefit of a five percent increase in the volume of exports during the same period.

Soaring costs for equipment and inputs to Nicaragua's import-dependent manufacturing sector rapidly reduced industrial profitability after 1968. "High-cost and noncompetitive on the world market," Nicaraguan manufacturing lost its protected regional market when the Central American Common Market collapsed in the late 1970's. The impact of this decline was disguised by the 1978–1979 war and its heavy destruction of industrial infrastructure. It soon became clear, however, that "had that destruction not occurred, the manufacturing . . . sector would still have been in extremely difficult circumstances."<sup>21</sup> Since 1979,

(Continued on page 432)

<sup>18</sup>Author's interviews with Pedro Antonio Blandón, vice minister of external cooperation, Managua, August 16, 1985, and with Orlando Solórzano, vice minister of foreign trade, Managua, August 15, 1985; *Barricada Internacional*, August 28, 1986, p. 6.

<sup>19</sup>Author's conversations with COSEP members, León, Nicaragua, August 19, 1985; Solórzano interview.

<sup>20</sup>Economic Commission for Latin America and the Caribbean (CEPAL), *Preliminary Overview of the Latin American Economy, 1985* (Santiago, Chile: CEPAL, 1985), table 9.

<sup>21</sup>This and the previous quotation are from John Weeks, "The Industrial Sector," in Thomas W. Walker, ed., *Nicaragua: The First Five Years* (New York: Praeger, 1985), pp. 284–285.

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*"If there is a glimmer of hope in the events of El Salvador in 1986, it lies in the activities of the labor movement. . . ."*

## El Salvador: A Glimmer of Hope

BY JOSÉ Z. GARCÍA

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**F**OR the past two years El Salvador's armed forces, with increasing military assistance from the United States, have made steady, incremental progress in their struggle against the guerrillas.\* Their force structure is nearly at full strength, with well over 40,000 soldiers; the air force now provides rapid mobility and air support for troops; and the military's tactical operations, intelligence-gathering capabilities and training are vastly improved, forcing the guerrillas to move in units of a dozen or less. The number of guerrilla combatants has dropped from 12,000 in 1984 to less than 6,000 in 1986.<sup>1</sup> During most of 1986, the armed forces engaged in a long series of operations that secured the area around Guazapa Volcano, long a symbol of rebel resistance and only 30 kilometers from the capital city of San Salvador. With the conquest of Guazapa, rebel-held territory—which two years ago totaled 30 percent of El Salvador—has been reduced to around 10 percent of the country.

Military-civilian cooperation is also improving in the war zone. The government's combined civil defense and civic action program is now under way in some of the areas recently removed from guerrilla control. The program is supposed to create support for the government and to restrict guerrilla movement among the local population. Volunteers are trained in defense tactics and are armed with rifles and radios against possible guerrilla attacks. Once an area is secured by the army and a self-defense unit is organized and trained at an army-run national center, workers from various ministries are sent to provide and restore government services like waterworks, communications, road maintenance and medical attention. While the program has been plagued by delays and the results are thus far uneven (ministerial coordination is still poor and suspicious military commanders sometimes

discourage civil defense), civilian government penetration in conflict zones is higher than it has been in several years. If successful, the program will almost certainly further constrict guerrilla mobility throughout El Salvador.

Military adversity has caused the guerrillas to avoid confrontation with the armed forces where possible: contact between the two armies has declined in spite of increased activity by government troops, and weekly body counts for both sides average 24 per week.<sup>2</sup> The guerrillas now focus on continuing their prolonged attack against the country's economic system. This shift in tactical operations appears to be part of a new guerrilla strategy designed to exploit emerging weaknesses in the government's base of support, to broaden guerrilla support among the urban working classes, and to create a potential political niche for the guerrillas in a post-civil war period. The focus of this effort is the labor movement.

### THE LABOR MOVEMENT

The civil war, it should be recalled, began when an extraordinary resurgence in the labor movement in the late 1970's was repelled by paramilitary action against labor organizers and their supporters. Workers in both the urban and the rural sectors—organized by radical and moderate leaders—began to claim a greater share of the revenue generated by temporarily high international prices for coffee, the nation's greatest source of income. These claims were challenged by right-wing forces. Government-controlled paramilitary units subsequently assassinated or intimidated labor organizers and their supporters, including important middle-class politicians and clerical leaders. When sectors of the Roman Catholic Church and most of the international community, including United States President Jimmy Carter, repudiated right-wing tactics and the government that supported them, the armed forces intervened on October 15, 1979, in an effort to create a new, more flexible ruling coalition. By this time, however, it was too late to prevent the defection of Christian Democratic and other middle-class parties. With Marxist guerrilla commanders and considerable international support, the opposition was able to launch a full-scale civil war against the government.

For several years, the civil war made it difficult for

\*The author is grateful to the Mellon Foundation, the joint University of New Mexico–New Mexico State University Consortium for Latin American Studies, and the Arts and Sciences Research Center at New Mexico State University for the research support that made this article possible.

<sup>1</sup>Julia Preston, "Part of El Salvador Finds Peace," *Washington Post*, July 31, 1986.

<sup>2</sup>Foreign Broadcast Information Service, *Daily Report: Latin America* (hereafter FBIS), "Coprefa Communiqué Reports August Activities," September 5, 1986, p. P1.

labor union activists to regroup, often in spite of United States-backed efforts to assist in the creation of a moderate, organized labor sector. The head of El Salvador's agrarian reform program and two American citizens who worked for the American Institute for Free Labor Development (AIFLD), an organization with ties to the AFL-CIO and the United States government, were killed by a right-wing death squad at the Sheraton Hotel in San Salvador. The assassination of labor leaders suspected of having ties to the guerrillas did not cease until most of the more militant leaders had been killed, exiled or jailed. As late as 1983, a wave of assassinations of labor organizers by right-wing elements caused many United States legislators to question United States efforts to back the Salvadoran government, which seemed unable to control the violence.

Gradually, however, the government of El Salvador gained control through elections, domestic reforms, United States military and economic assistance, and the international scrutiny of human rights abuse. The labor sector subsequently began to reemerge, especially after the election in 1984 of President Duarte, whose electoral victory in no small part depended on the support of large segments of organized labor. By the time Duarte was elected, however, the ravages of civil war had reduced gross domestic product by 25 percent; competition for government favors began to appear between workers, whose wages decreased in some sectors by as much as 50 percent, and investors (many of whom had always been suspicious of Duarte's social program), who wanted assurances that they could invest with some hope of making a profit.

Duarte spent the first few months of his presidency trying to convince the country's business leaders that he did not represent a serious threat to their interests. At the same time, he was able to mollify wage earners by expanding the government sector, thereby providing some employment for the jobless. Within a year of his election, however, Duarte found himself increasingly pressured from both the business sector and the labor unions.

### THE FINANCIAL CRISIS OF 1986

In January, 1986, a financial crisis marked by a 31 percent inflation in prices over the previous year, a skyrocketing increase in the balance of payments deficit, a slight decrease (to about 1.5 percent) in the economic growth rate, and an unemployment rate estimated at over 30 percent forced the government to adopt austerity measures. These included a 100 percent devaluation of the currency, an increase in

gasoline taxes, restrictions on government hiring and the curtailment of imports. Most observers predicted that wage earners would be most adversely affected by these measures.

At the same time, the business sector claimed that it was being pushed to the limit. Coffee growers vigorously protested the confiscatory policies of the National Coffee Institute (INCAFE), the state-controlled monopoly for the international marketing of coffee. Although the government was paying growers only \$80 per quintal of coffee, in January prices on the New York coffee exchange were about \$250 per quintal (a rate increase due in part to the drought in the coffee-growing areas of Brazil). The government was pocketing the difference and, in addition, was adding a 15 percent export tax on growers' profits.

Some criticism was predictable. The increased taxation of the private coffee sector is part of an overall strategy to redistribute some of the highly concentrated private wealth to the middle and lower classes. Confiscatory policies of this type also aim to reduce the political power of the country's right wing, concentrated in agribusiness, which has traditionally resisted any expansion in the role of government and has not stopped short of violence to maintain its privileges.

The austerity package announced by Duarte exacerbated growing tensions within the labor movement and helped provoke a major realignment of unions away from the control of moderate parties. Austerity put an end to the honeymoon period Duarte had enjoyed with labor and left the door open for more militance from leftist union organizers increasingly active in the relatively free atmosphere. Unions offended by the program joined a newly organized leftist federation, the National Salvadoran Workers Union (UNTS), withdrawing from the more moderate federation controlled by the Christian Democratic party, which until then had dominated the labor sector. On February 22, several thousand UNTS members marched in a peaceful protest against the government's austerity package. In reply, the Christian Democratic party, assisted by several international labor groups including AIFLD, hastily organized its remaining unions in a new federation. The party and the new labor federation joined forces in March to demonstrate solidarity with the Duarte proposals.<sup>3</sup>

Militant union leaders, whose claims were backed loudly by the guerrillas in January, have exerted strong pressure on Duarte to hold peace talks with the rebels. They argue that the civil war is responsible for the plight of the government, which is being forced to choose between the needs of the business community and the needs of the labor community. As they see it, guerrilla attacks on the economy force the government to spend an increasing proportion of its budget on the war effort. The armed forces now receive 40 percent

<sup>3</sup>See Norman Casper, "El IADSL y la corrupción del movimiento sindical en El Salvador," *Estudios Centroamericanos*, no. 449 (March, 1986). See also Marjorie Miller, "Thousands of Salvadorans March to Protest Duarte's Economic Austerity," *Los Angeles Times*, February 22, 1986.



of the national budget. But military expenditures do not generate many new jobs and they reduce the amount of money that might otherwise be spent on social programs, like housing, health and public works, all of which are labor intensive.

Until the war ends, the militant union leaders claim, the conflict between classes over scarce resources will sharpen. Peace is the only solution. This reasoning is increasingly voiced by union members even in the most conservative, pro-Duarte unions, and it is likely to continue. The political clout of the labor movement is considerable; when Duarte announced his initiative to hold peace talks in June, he was responding to labor pressure.

For their part, the guerrillas may well have decided to avoid peace talks at least until they see if labor pressure on Duarte increases. Although they have been reduced in numbers and in strength, the rebels have by no means been eliminated, and most United States government analysts feel that at the present rate, they could survive indefinitely.

Guerrilla attacks caused an estimated \$200 million in crop damage in 1985.<sup>4</sup> Guerrillas claim to have destroyed 8 million pounds of coffee and 12 coffee-processing plants that year. During the coffee harvest in January, 1986, guerrillas destroyed four coffee-processing plants, burned a bank, and caused other damage in the coffee-rich department of Sonsonate. In January, 1986, alone, sabotage against the nation's electrical system was estimated to be as high as that inflicted during the entire four years prior to 1986.<sup>5</sup> If peace talks do not result in a truce, the rebels will concentrate most of their forces on disrupting the harvest in the winter of 1986-1987, and they will increase their efforts to convince the masses of the link between the war, the economy and wage rates.

The FMLN-FDR guerrilla organizations,\*\* perhaps buoyed by the increasing evidence that Duarte has lost some of his political base, apparently spent much of the summer discussing the new developments and formulating positions for possible forthcoming peace talks with the government. In an astonishing article signed by People's Revolutionary Army (ERP)

\*\*The approximately 20 guerrilla groups are nominally united as the Farabundo Martí Front of National Liberation (FMLN); the political arm of the front is the Democratic Revolutionary Front (FDR).

<sup>4</sup>James LeMoyné, "Salvador Rebels Have Learned to Dodge Bullets," *The New York Times*, January 5, 1986.

<sup>5</sup>Marjorie Miller, "El Salvador: No End in Sight to War," *Los Angeles Times*, January 10, 1986.

<sup>6</sup>See Joaquín Villalobos, "El Estado actual de la guerra y sus perspectivas," *Estudios Centroamericanos*, op. cit.; and Ignacio Ellacuría, "Repatriamiento de soluciones para los problemas de El Salvador," *ibid.*, January-February, 1986.

<sup>7</sup>Dennis Volman, "Support for Duarte Crumbling," *Christian Science Monitor*, December 30, 1985.

<sup>8</sup>James LeMoyné, "Duarte's Critics on the Rise at Home," *The New York Times*, February 10, 1986.

Commander Joaquín Villalobos, the author claimed that the guerrillas were winning the war militarily, although most of the evidence presented was of a strictly political nature. Perhaps more realistically, intellectuals at Catholic University who sympathized with some FMLN-FDR goals insisted on the need for a peaceful solution to the civil war; they criticized both the United States and Duarte for what they saw as a policy aimed at a purely military solution.<sup>6</sup>

While the guerrillas enjoy new political space in the resurgence of labor demands, the long-term effect of these demands on the government's power should not be exaggerated. Policy disputes over labor are not likely to break the bonds between Duarte and the armed forces, even though its members are for the most part far more conservative than the President and are sometimes even hostile toward him. Nevertheless, Duarte's control over the armed forces hierarchy appears to be stronger than ever. A test of this control occurred last fall during the negotiations leading to the release of President Duarte's daughter, who had been kidnapped by the guerrillas in September, 1985. Colonel Sigfredo Ochoa, commander of the key Fourth Infantry Brigade at Chalatenango, signed a letter denouncing the terms of her release in exchange for several dozen captive guerrillas. Later, he and other troop commanders pointedly refused to comply with Duarte's acceptance of a guerrilla offer to hold a Christmas truce.<sup>7</sup>

The fact that Duarte was able to remove Ochoa from his command and send him to Washington, D.C., as a military attaché without serious opposition from the armed forces represents a major step forward in the consolidation of his control over recalcitrant officers. Continued United States support of the war is likely to depend on military subordination to civilian control.

In 1985, legislative elections gave Duarte's Christian Democratic party 33 of 60 seats. Duarte thus maintains an absolute majority of support within the unicameral legislature and has few problems seeing his programs enacted into law. This is a major change from the days when legislative inaction was promoted by right-wing parties that controlled the legislature. In addition, the government will continue to receive substantial foreign assistance not only from the United States government but also from a host of international agencies, parties and countries. As right-wing violence subsides, the Salvadoran government is less often attacked by human rights groups.

Serious problems persist. Critics point to the government's failure to begin a national literacy campaign, or to take serious steps to alleviate the problems of the thousands of refugees who are victims of the war, or to improve the medical delivery system, or to address the serious employment problem.<sup>8</sup> Corruption is said to be widespread. Moreover, the discovery

of a kidnapping ring in March, 1986, allegedly organized by several officers in the armed forces, underlined the fragility of the country's judicial system. The affair implicated a major, whose military academy classmates are now in key positions throughout the armed forces. In Salvadoran history, no officer has ever been tried in a civilian court for any serious crime. Thus, there is widespread cynicism about the ability of the judicial system to act fairly. If the case is not settled promptly and with firmness, the government will lose credibility in all segments of Salvadoran society.

Duarte must also prove that he can deal effectively with the labor unions. The Christian Democratic party has tried, with some success, to elicit the support of wide sectors of the labor movement, but union members feel strongly that Duarte has not repaid labor for the support it gave him both in the presidential elections and in the 1985 legislative elections. This points to a major weakness in Duarte's approach to labor. He has a reputation for treating labor unions like putty, to be molded to the needs and vicissitudes of his administration.

#### THE FMLN-FDR

The guerrillas have had their share of problems. In spite of serious efforts in 1985, they were apparently unable in 1986 to join to create a single political party. Major ideological differences and some simple turf battles still separate them. The Forces of the Armed National Resistance (FARN), whose base in Guazapa was eliminated by the government in 1986, is closest to the labor unions and perhaps to the Church; the ERP, although the strongest group militarily, is the least likely to join in a serious postwar electoral effort. Although Jorge Shafik Handal, the leader of the Communist party, is closer to international funding sources, the leaders of the Popular Liberation Forces (FPL) in Chalatenango are closer to the needs of the rural population. These differences make decision making difficult, especially in choosing military or political options.

There are even more severe differences between the FMLN and its political allies, the more moderate FDR. Last year, the FDR repudiated the guerrilla kidnapping of several Christian Democratic mayors as well as the kidnapping of Duarte's daughter. Perhaps tired of a seminomadic life abroad, several FDR members have already slipped quietly back into El Salvador, hoping to find a place in the current political arena. Those who remain abroad are in growing danger of being perceived as members of yet another failed political movement in exile.

El Salvador is rapidly becoming a textbook case for the study of low-intensity warfare, and it should not be forgotten that the nature and persistence of the war are caused at least in part by the peculiar structure of international funding and other forms of support for the war effort. Each domestic actor in the con-

flict—the government, the Church, the right wing, the left-wing FMLN guerrillas and their more moderate FDR allies, the labor unions, and the countless living victims of the war—has been assisted by sympathetic groups abroad: by governments, political parties, church donors, relief agencies, private citizens, writers, soldiers of fortune, labor unions, and many other organizations. Each of these groups has tried to resolve some of the problems caused by the civil war, but most have mirror-image emotions reflecting the narrow point of view of the clients they assist.

The unintended consequence of these uncoordinated efforts has been to internationalize a structure of violence in ever more complicated ways that thus far have brought peace no closer. It is, of course, unrealistic to hope that many of these groups might engage in a "low-intensity" and perhaps nonformal effort to break the current impasse; one feels compelled, however, to point out that after seven years of civil war every group, no matter how well intentioned, bears some responsibility for the continuation of the conflict.

If there is a glimmer of hope in the events of El Salvador in 1986 it lies in the activities of the labor movement. The Salvadoran labor movement has deep national roots. The civil war itself began in the labor movement; human rights and other political issues, largely defined and articulated by foreign groups, have tended to obscure the root causes of the abuse of human rights, which lie in the complex web of labor-management relations in El Salvador's coffee-dependent economy. It is a hopeful sign that as the civil war wears down, it is returning to its origins.

Current labor dynamics offer a possible basis for a permanent peace by showing where the guerrillas might find a dignified place to work in a postwar society. The moderate and the radical groups that now constitute the FMLN-FDR fought and died for the right of peasant and factory workers to be represented seriously in the political system. This constituency is naturally theirs, and if they agree to lay down their arms in return for guarantees that they can compete fairly for the political loyalty of union members, a structure of lasting peace might be at hand. After all, even a chronically agitated labor movement is preferable to a chronic civil war funded from abroad.

If this view seems overly optimistic, there is hope at least in this: ten years ago, labor issues were resolved by death squad assassinations, guerrilla retaliation and, finally, civil war. Today, labor issues are channeled in a less violent, more institutional, and bureaucratic manner. National reintegration is at last beginning to take place. ■

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**José Z. García** specializes in studies of Latin American military institutions. He has traveled nine times to El Salvador during the past seven years.

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*With the election of the second civilian President in 35 years, "Guatemalans today have reason to hope for better times, but they have no reason to believe that reaching a better future will be easy or rapid."*

## Guatemala's Painful Progress

BY RICHARD MILLETT

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ON January 14, 1986, Vinicio Cerezo Arévalo took the oath of office as President of Guatemala. Cerezo was only the second civilian to occupy that office in 35 years, and his inauguration broke Guatemala's long tradition of military rule, electoral fraud and political violence. Nonetheless, the forces that had brought the nation to the brink of political and economic chaos were still largely intact and were determined to retain as much power as possible. The new administration faced the immense tasks of social and economic reconstruction with severely limited resources, and it was subjected to strong pressures from both the left and the right. President Cerezo noted in his inaugural address that, "we find the country in the worst conditions ever found by a President in our nation." His first months in office demonstrated that overcoming the heritage of the past would be even slower and more painful than he had imagined.

After the 1954 United States Central Intelligence Agency (CIA)-sponsored exile invasion that toppled the left-leaning government of Colonel Jacobo Arbenz Guzmán, political violence was a constant factor in Guatemalan life. Much of the violence came from extreme right-wing groups, one of which, the National Liberation Movement (MLN), referred to itself as "the party of organized violence." In the early 1960's, left-wing guerrillas joined the fray, producing a civil conflict that has persisted.

The initial guerrilla threat was defeated, but not eliminated, by the early 1970's. The ruling generals and politicians then began to fight among themselves over the division of spoils from an increasingly corrupt system. In both 1974 and 1978, the presidential candidate selected by the dominant military clique was elected with the help of blatant fraud. During the regime of General Fernando Romeo Lucas García (1978-1982), a wave of political violence engulfed both urban and rural areas; the nation's most distinguished leaders were among its victims. Guerrilla strength grew steadily as Guatemala's Indian majority, driven to despair by indiscriminate repression and a deteriorating econ-

omy, began to support the insurgents. Guatemala found itself isolated internationally. United States assistance was suspended, and the government received virtually no foreign support for territorial claims against the newly independent nation of Belize. Fraud in the 1982 elections was the last straw; junior officers ousted Lucas and installed a provisional junta, headed by General Efraín Ríos Montt.

The new regime reduced corruption and urban violence and turned the tide in the conflict with the guerrillas. But the price of this success was continuing slaughter in the countryside; thousands of Indian families were forcibly resettled or driven into exile. In addition, Ríos Montt's obtrusive Christian fundamentalism alienated many Roman Catholics, and his disregard of the traditional military hierarchy upset senior officers. In August, 1984, another coup replaced Ríos Montt as chief of state with his defense minister, General Oscar Humberto Mejía Victores.

The new government quickly announced plans for a return to civilian rule. On July 1, 1984, elections were held for a constituent assembly. The military did not practice its traditional manipulation of the electoral process; as a result, the Christian Democrats (DCG) gained the most seats, followed closely by another moderate party, the National Center Union (UCN).<sup>1</sup>

The assembly produced a new constitution, which in most areas resembled its predecessors. There were, however, significant alterations, including provisions for a runoff election for the presidency, should no candidate obtain an absolute majority in the first round. Previously, final selection had been left to the Congress, a method that facilitated manipulation by the military. The new document also dropped the clause that declared that all of Belize belonged to Guatemala, opening at least the possibility of progress in this area. Finally, the assembly set November 3, 1985, as the date for national elections.

While the assembly was debating, Guatemala's politicians had been preparing for the elections. Buoyed by their relative success in the 1984 election, both the DCG and the UCN decided to run their own leaders, Vinicio Cerezo and Jorge Carpio Nicolle, for President. The Revolutionary party (PR) united with the

<sup>1</sup>For details on events in 1984 see Richard Millett, "Guatemala: Progress and Paralysis," *Current History*, vol. 84, no. 500 (March, 1985).

Party of National Cooperation to form a third ticket, backing a former Ríos Montt adviser, Jorge Serrano Elias. Two far-right parties, the MLN and the Institutional Democratic party (PID), combined behind the candidacy of former Vice President Mario Sandoval Alarcon, but two other rightist factions insisted on running their own candidates. The leader of the Social Democratic party (PSD), Mario Solorzano, returned from exile to run, and an unsuccessful 1982 candidate, Alejandro Maldonado Aguirre, ran as the candidate of the National Renovation party (PNR). The race appeared wide open, but many Guatemalans found it difficult to believe that they, rather than the military, would actually select the next President.

Within the Guatemalan officer corps, however, several pressures combined to induce that body to permit a relatively free election. Differences of opinion between junior and senior officers made it impossible to unite behind a military-sponsored candidate. Because of the nation's international isolation, the armed forces were less able to acquire modern military hardware, and it was clear that only an elected civilian administration would be able to reverse this situation. Pressures were especially strong from the administration of President Ronald Reagan; anxious to portray Nicaragua as the only nondemocratic nation in the region, the Reagan administration found military rule in Guatemala both an embarrassment and an obstacle. Economic decline, exacerbated by the corruption of the Mejía Victores regime, also made the military more anxious to give civilians the responsibility for dealing with the economy. Finally, ties between the military and the extreme right had begun to unravel; there was a mounting chorus of mutual denunciations for the disastrous state of the nation.

The real issue among the officers was not whether a civilian should become President but, rather, if the military could chance a victory by Vinicio Cerezo and the Christian Democrats. Hostility between the military and the Christian Democrats had been growing for years; officially sponsored death squads had killed hundreds of DCG leaders and supporters and had even threatened Cerezo's life. Hard-line officers characterized the DCG as pro-Communist and a mortal enemy of the military establishment. Cerezo and his followers, in turn, condemned military abuses of power. By mid-1985, there was little evidence to indicate that the armed forces would permit a Cerezo victory.

Several events combined to change this situation. It became apparent that the manipulation of the electoral process would forfeit most of the advantages that

the armed forces hoped to gain by permitting a civilian to assume the presidency. In addition, the DCG's ties with Europe and Cerezo's popularity in the United States made a DCG government the best hope for obtaining significant foreign aid. In his public pronouncements, Cerezo was careful to assure the military that he would respect its institutional autonomy and would not institute trials of senior officers like those being conducted in Argentina. Perhaps most important, many officers believed that in Jorge Carpio and the UCN they had a sympathetic candidate who could defeat Cerezo.

As the electoral campaign developed, economic conditions continued to deteriorate. The value of the quetzal, long held at par with the dollar, fell precipitously to nearly four to the dollar. Foreign reserves declined so far that Guatemala could not even pay for basic imports. This led to a major energy crisis in July, 1985, when the government was forced to institute gasoline and diesel rationing. Fuel oil for generating electricity also reached dangerously low levels, and only emergency credits from the United States kept the lights on in Guatemala City.

Human rights abuses persisted, especially in rural areas. Increased negative publicity about the human rights situation was generated by the Group of Mutual Support (GAM), an organization of relatives of the victims of political violence, which began regular demonstrations denouncing abuses, demanding an accounting of those who had disappeared, and calling for trials of officers involved in the disappearances. GAM's most dramatic action was its occupation of the cathedral in Guatemala City just before the November elections. The right retaliated with sporadic violence against GAM members and supporters but the government allowed GAM to survive, perhaps fearing that all-out repression would jeopardize the electoral process.

### CEREZO'S VICTORY

The November 3 elections produced massive repudiation of the military government and a stunning victory for the DCG. Almost two million voters took part in a surprisingly honest election, with Cerezo winning 38.6 percent of the valid votes. Jorge Carpio finished a distant second with 20.2 percent, followed by Jorge Serrano Elias with 13.8 percent. The defeat of the extreme right was as significant as the victory of the DCG. Its three candidates polled only a little over one-fifth of the vote. They did even worse in congressional races, winning only 13 out of 100 seats. The DCG gained a bare majority in Congress, winning 51 seats, to 22 for the UCN.<sup>2</sup>

Since no candidate had a majority, a runoff election between Cerezo and Carpio was set for December 8. The weakness of Carpio's showing came as a shock to those officers who had counted on him to block

<sup>2</sup>International Human Rights Law Group and the Washington Office on Latin America, *The 1985 Guatemalan Elections: Will the Military Relinquish Power?* (Washington, D.C.: Washington Office on Latin America, 1985); Guatemalan embassy, "Guatemalan Election Results" (Washington, D.C., n.d.).



Cerezo, but the publicity generated by the first round of elections made the costs of interference in the second round prohibitive. Carpio engaged in a frantic campaign of accusations, resurrecting old charges of Communist influences within the DCG. But the effort backfired, drawing sharp rebukes from the Roman Catholic Church and from third-place finisher Serrano Elias. Cerezo won 68.4 percent of the 1,657,823 valid votes in the second round, giving him a resounding mandate for his administration.<sup>3</sup>

While Cerezo's victory represented a significant step toward reestablishing a functioning, democratic political system, it by no means guaranteed democracy. The new President realized that taking office did not necessarily mean taking power. His last civilian predecessor, Julio César Méndez Montenegro, reportedly observed that during his term in office (1966–1970), Guatemala actually had two Presidents, him and the minister of defense, who “kept threatening me with a machine gun.” After his victory, Cerezo admitted that the military and the private sector would attempt to place limitations on his authority and that overcoming these restrictions would be a long and arduous process. He suggested that he would enter office with about 30 percent of the actual power of the presidency, a figure he hoped to increase to 70 percent by 1989.<sup>4</sup>

In setting priorities for his administration, the new President placed emphasis on the democratic process and the economic emergency. He also stressed the need to reform the judicial system, improve tax collections, and reorganize the security forces. Basic social programs, such as agrarian reform, were placed on the back burner.<sup>5</sup> He spent much of the time between his election and inauguration visiting the United States, Europe and the other nations of Central America, stressing his government's desire to pursue an independent foreign policy.

While his powers might be limited, Cerezo did not come to the presidency empty-handed. In addition to his domestic popularity and his largely favorable image abroad, he had significant assets. As a Christian Democrat, he had direct ties to Christian Democratic parties throughout the world, most notably in Germany, Italy, Venezuela and El Salvador, ties which provided important political and potential economic support. On the economic front, rising coffee prices and falling interest rates and petroleum prices provided at least some measure of hope lacking in previous years. Politically, he had one of the best advantages any govern-

ment could hope for—a weak, divided and, in some cases, discredited opposition.

A peculiar feature of this advantage was the fact that his principal electoral rival, Jorge Carpio, was barred from seeking the presidency in the next elections because his brother had been elected Vice President on the DCG ticket and the constitution prohibited any close relative of either the President or the Vice President from running in the next election. Reelection was also prohibited, making Cerezo a one-term President, but the ideological rather than the personalistic basis of his party enhanced its chances of holding power.

The DCG's control of Congress was also an asset, as were its ties to elements of organized labor. Perhaps most important, the military was extremely reluctant to take over the government, a reluctance compounded by the divisions within the officer corps. If pressed by the armed forces, Cerezo could always threaten to quit, creating a situation that, in the short run at least, most officers wished to avoid.

As significant as these assets were, they seemed minuscule compared to the problems facing the Cerezo administration. A quarter century of civil conflict has left much of rural Guatemala devastated. Hundreds of thousands of inhabitants, largely Indian, have been forcibly uprooted; often they have been resettled in “model villages” known as “poles of development.” As many as 900,000 have been persuaded or coerced into joining civil defense patrols, aiding counterinsurgency efforts and, all too frequently, serving as networks of informers. Guerrilla activities, which had declined during the two preceding years, were increasing at the end of 1985, a development that some observers suggested might be tied to the military's desire to demonstrate that it was still needed.<sup>6</sup> The atrocities of the recent past had deepened the traditional distrust between Indian and ladino, between civilian and military, between right and left in Guatemala. Groups like GAM were far from satisfied just to remove the military from the presidential palace. After the election, they increased their demands for punishment of those involved in human rights violations, giving the new President the choice of jeopardizing his term of office by moving against the military or seeing his credibility and his efforts to improve the nation's image eroded by the persistent international publicity generated by GAM.

Cerezo's ability to deal with the economic crisis was limited, in part, by low commodity prices, limited access to markets, and a major (though by Latin American standards not overwhelming) debt burden. The collapse of the Central American Common Market had a particularly damaging effect on Guatemala, which had been the only nation to enjoy a favorable balance of trade with every other member. Civil violence discouraged new investments and limited efforts

<sup>3</sup>ENFOPRENSA, *Information on Guatemala*, December 20, 1985, p. 1.

<sup>4</sup>Remarks by Vinicio Cerezo at press conference, Carnegie Endowment, Washington, D.C., December 17, 1985.

<sup>5</sup>*Central America Report* (Guatemala), December 13, 1985, p. 378 (hereafter cited as CAR); *Rumbo Centroamericano* (San José, Costa Rica), December 13–19, 1985, p. 13.

<sup>6</sup>CAR, December 13, 1985.

to develop petroleum production. In addition to these problems, the new President confronted a deeply suspicious business community, the great majority of which had opposed his election and was not about to help him to improve his political fortunes.

Lack of administrative experience posed a special obstacle. The Christian Democrats had never before participated in governing Guatemala, so no one in the party had had significant practical experience. Those associated with previous administrations were tainted by the brutality and corruption of those regimes, making it difficult to utilize their abilities. In addition, many Christian Democrats were determined to reserve as many posts as possible for the party faithful. They strongly opposed proposals to give outsiders, like Fernando Andrade, Mejía Victores's foreign minister, any important post. Cerezo did manage to utilize Andrade briefly as ambassador to the Organization of American States (OAS), but when he sought to bring him into the government at the Cabinet level, the effort was blocked by his own party.

The DCG also had the misfortune to assume power just as the Gramm-Rudman budget-cutting process in Washington, D.C., was reducing the prospects for any increase in United States aid. To compound this problem, the return to democratic government in Guatemala coincided with the fall of long-term dictators in Haiti and the Philippines. In the competition for new aid funds, these two nations both have stronger Washington lobbies than does Guatemala.

## FOREIGN POLICY

In the face of such obstacles, simply staying in office would be an accomplishment. Cerezo has done better than that, but he has also disappointed the hopes of many of his followers. His record is most positive in the area of foreign affairs. He indicated a willingness to meet with Belizean officials to resolve the long-standing territorial dispute between Guatemala and Belize, and has renewed consular relations with the United Kingdom, a first step toward restoring the long-severed diplomatic ties between Guatemala and the United Kingdom. He has traveled abroad more than any previous Guatemalan President, primarily seeking economic assistance. In his first six months in office, President Cerezo claimed that his trips had produced \$185 million in new loans and grants. Cerezo also paid the first visit by a Guatemalan President to Mexico in over 19 years. A series of agreements were signed dealing with technical and economic cooperation, and discussions were held on the repatriation of Guatemalan refugees in Mexico.

Guatemalan efforts to play a neutral role in Central American affairs have been less successful. Even before his inauguration, Cerezo called for a meeting of Central American Presidents at Esquipulas, Guatemala, and urged the creation of a Central American Parlia-

ment. He also criticized Reagan administration aid to the contras and his foreign minister, Mario Quiñonez, declared that Guatemala would reject United States pressure to join a bloc against Nicaragua. The five Presidents did meet at Esquipulas in May, but aside from endorsing the idea of a regional parliament, they accomplished very little. Indeed, a bitter personal confrontation between the Costa Rican and the Nicaraguan Presidents may have actually contributed to a heightening of regional tensions. The virtual collapse of the Contadora process also reduced the options for Cerezo's policy of "active neutrality." Persistent reports, denied by the United States embassy, that Washington was threatening to hold up or curtail foreign aid if Guatemala did not actively oppose the Nicaraguan government also damaged Cerezo's credibility in Central American affairs.

During his first months in office, relations between the new President and the Guatemalan military appeared less confrontational than had been anticipated. Part of this was due to Cerezo's willingness to allow the military to run its own internal affairs and his refusal to accede to pressures from GAM and other sources to try officers for past abuses. It also reflected the growing disenchantment of the officer corps with the traditional elites and the presence of a significant degree of populist-reformist sentiment in the officer corps. Realization of how badly the army's image had deteriorated during the previous decade also acted as a brake on any would-be plotters.

Cerezo managed to appoint officers with relatively clean reputations to critical posts and to exile the leading hard-liner, former Chief of Staff General Rodolfo Lobos Zamora, to Panama. He also began to try to reduce military coercion in the countryside, especially the forcing of Indians to join the civil defense patrols, but progress in this area was painfully slow. The military ran the antiguerrilla war, protected officers from being held accountable for actions against civilians, and maintained a high level of institutional autonomy. By late 1986, it was still hard to tell if military acceptance of the Cerezo administration reflected the beginnings of change in the military or a lowering of the President's aspirations for change to a level that the officer corps was willing to tolerate.

Progress was most disappointing in the area of human rights. This probably reflected the intransigence of the Guatemalan situation rather than a lack of commitment on the part of the new administration. It was clear that Cerezo, in contrast to his predecessors, neither ordered nor condoned political murders,

*(Continued on page 430)*

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*"Honduras is now very much a part of the continuing crisis in Central America. The country is physically occupied by two foreign armies (United States and contra forces). . . . Its political system, barely able to withstand fractious parties, polarizing personalism and excessive clientelism, must respond to the added demands imposed by extreme exile politics."*

## Honduras: The Reluctant Democracy

BY MARK B. ROSENBERG

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ON the eve of his fourth year as President of Honduras, Roberto Suazo Córdova hosted a news conference at which a previously unknown soothsayer predicted that the President would remain in office for many years to come. Shortly thereafter, the Honduran armed forces abruptly announced that presidential elections would proceed as scheduled for late 1985 and that the country would have a new political leadership by 1986, as mandated by the constitution.

President Suazo's public efforts to extend his period of rule were only a harbinger of his systematic campaign in 1985 to annul the country's democratic opening, initiated with his own election in 1981. But a coalition of forces led by the military and organized labor forced Suazo and the country into elections in late 1985. Without United States support for the maintenance of constitutional rule and elections, it is likely that Suazo would have been ousted by a faction of the military or that the country would have been plunged into a civil war.

Indeed, Suazo's machinations kept the military, labor and the United States embassy enmeshed in a frenzy of political checkmating that debilitated and disillusioned the Honduran electorate. These problems further enhanced the military's critical moderating role in Honduran politics, drew attention from the growing impact of the anti-Sandinista contra forces in the country and overshadowed Honduras's slight economic recovery.

A tradition in Honduran politics is *continuismo*. Once in office, few Honduran Presidents, civilian or military, have wanted to leave the perquisites, status and power of the presidency when their mandated terms have ended. The office of the presidency has extraordinary access to all levels of Honduran society. In the hands of a crafty and intriguing leader, the presidency has almost unlimited opportunities to disrupt, coopt and otherwise intervene. Such was the leadership of Roberto Suazo Córdova, whose first years in office were overshadowed by the hardline anti-Communist

leadership of General Gustavo Alvarez Martínez, who was ousted himself from his position of chief of the armed forces by rival officers in March, 1984.<sup>1</sup> More than any other factor, Alvarez's departure gave Suazo the freedom to try to stay in power.

As President Suazo's rule neared its end, the leader played every card he had to stay in power. Although he had ample reason to assist his Liberal party to stay in power, he decimated the party's senior leadership to ensure that no genuinely popular candidate could emerge. He intervened in the opposition party's leadership deliberations, managing to impose temporarily a candidate who had little popularity. He manufactured a debilitating national crisis by imprisoning a Supreme Court Chief Justice who had been legally and correctly appointed by the National Congress. And he forced the military and organized labor into a mediation that resulted in the highly confusing and inconclusive elections of November, 1985.

The presidential elections of 1985 offered a decided contrast to the November, 1981, elections, Honduras's first in more than a decade. In 1981, there were four presidential candidates, representing two major political parties and two smaller parties. In the 1985 campaign, voters were confronted with a dizzying array of nine candidates; four from Suazo's Liberal party, three from the leading opposition National party and individual candidates from the Christian Democratic and Innovation and Unity parties. While the 1981 elections followed from a gradual process of political opening in which the civilian leadership forced the military from power, the 1985 elections saw an alliance of military and labor leaders force the country's incumbent leadership out of office.

The struggle to convince Suazo to leave office resulted in a complex electoral procedure and a campaign with multiple candidates for the dominant parties. Because of internal party competition and Suazo's deliberate efforts to produce a leadership stalemate, the electoral procedure allowed the November election to serve simultaneously as a primary and a final election. The party with the highest total of votes would win the presidential elections, even if the leading vote-getters from each party had fewer votes than

<sup>1</sup> Leticia Salomon, "La doctrina de la seguridad nacional en Honduras: análisis de la caída del General Gustavo Alvarez Martínez," *Boletín Informativo Honduras*, no. 11 (May, 1984).



a rival candidate from the other dominant party. Indeed, the National party's Rafael Leonardo Callejas outpolled all other candidates. But the votes cast for the Liberal party were greater than the National's total; thus a Suazo antagonist in the Liberal party, José Azcona Hoyo, was declared President.<sup>2</sup>

There was great relief in Honduras and elsewhere that Suazo would not continue as President. He was generally seen as programmatically inept, venal and corrupting. But the nature of Azcona's victory and the clear ascendancy of Callejas, whose party was now unified and rejuvenated by its charismatic leader, cast a long shadow over the new government. Azcona's response was twofold: first, he crafted a close working relationship, known as a "pact of national unity," with the Callejista forces, because the victorious Liberal party failed to unite behind the new President. If he were to govern with any effectiveness, it would have to be in alliance with the National party, which dominated in the National Congress.

Azcona also patched up growing differences between the United States and the government of Honduras over the issue of United States logistical efforts to provide "humanitarian" aid to the Nicaraguan contras. Suazo had gradually limited the United States ability to resupply contra troops as a crude but obvious effort to convince the United States that he should be allowed to stay in power. Skillful United States resistance to Suazo's tactics, coupled with Azcona's quick reversal of the outgoing President's policies, firmly endeared Azcona to United States decision makers. Shortly after Azcona took office, General Walter López Reyes, who succeeded General Alvarez Martínez, was ousted by his military comrades. López had fashioned the political compromises leading to Azcona's presidency. But General López also favored a more deliberate nationalistic policy toward the United States.

Azcona's presidency was initially viewed by many Hondurans as an opportunity to rectify Suazo's anti-popular and antinational efforts.<sup>3</sup> But it has been a disappointment. The pact with the National party had little programmatic content and has generated much discontent among opinion leaders in both parties. Indeed, it appears to have functioned solely to

ensure the division of government jobs between the two parties on an orderly basis. A similar arrangement in 1971 following the election of the Nationalist Ramón Ernesto Cruz had failed, ushering in the ten-year military dictatorship.<sup>4</sup>

The Liberal party President has had few public policy successes; the executive branch has been gripped by an inability to make decisions. In many instances the previously moribund National Congress has seized the initiative. Expanded in the last election to include 134 deputies, the unicameral body has exhibited an uncharacteristic independence from executive and military control. For example, in response to a hunger strike by political prisoners in March, 1986, the Congress took the unprecedented initiative of granting amnesty to the prisoners.

While some of this independence can be explained by the 1989 presidential aspirations of the Liberal deputy Carlos Montoya, who presides over the body, there seems to be a genuine effort among all the deputies to address issues of concern to their constituencies. Commissions have been created to examine problems of national importance before they receive a full congressional hearing, and there is a nascent but perceptible sense of professionalism. Intraparty competition is as fierce in the National Congress as interparty competition,<sup>5</sup> but the deputies sense that their efforts can begin to make a difference.

President Azcona's inability to end the scandal over the use and abuse of state funds by the National Investment Corporation (CONADI) before he was elected continues to poison relations between the public and private sectors. Despite commitments to privatize many of the country's state-owned enterprises, Azcona has shown little willingness to move ahead.

His ministerial appointments have raised many questions about his leadership style. While he has forged a working consensus with some of the more enlightened elements in his own party and has subsequently named a few to high-level government positions, other executive appointments are more directly related to patronage imperatives than to effective program implementation.<sup>6</sup> His appointee to head the important National Agrarian Institute had little previous background in agricultural matters. The organized peasantry was swift to criticize the President; rural labor has been mobilizing ever since around this issue and others.

The agrarian question has been one of the major sources of political tension in Honduras since the mid-1960's. Except for a brief period of land distribution during the early 1970's, there has been little systematic attention to the needs of organized rural labor. When Suazo became involved in the problem, he inevitably defused conflict by coopting leadership cadres and promoting internally debilitating conflicts that left

<sup>2</sup> Eric Shultz, "The Harvest of Votes," *Honduras Update*, vol. 4, nos. 2-3 (November-December, 1985), pp. 1-3.

<sup>3</sup> Tim Golden, "U.S. Officials Are Optimistic over Honduras' New Leader," *Miami Herald*, January 30, 1986.

<sup>4</sup> James A. Morris, *Honduras: Caudillo Politics and Military Rulers* (Boulder, Colo.: Westview Press, 1984).

<sup>5</sup> Edgardo Sevilla, "The Limits of Democracy in Honduras," in Mark B. Rosenberg and Philip L. Shepherd, eds., *Honduras Confronts its Future: Contending Perspectives on Critical Issues* (Boulder, Colo.: Lynne Rienner Publishers, 1986), pp. 37-42.

<sup>6</sup> "Quién es quién en el nuevo gabinete ministerial?" *Boletín Informativo Honduras*, no. 58 (February, 1986), p. 4.



peasants and other organized interests fighting among themselves.<sup>7</sup>

Unlike his predecessor's, Azcona's political style has been to ignore problems. Thus, only the occupation of the National Agrarian Institute by an association of leading peasant unions led Azcona to promise to inject the dormant land distribution process with new life. But his commitment is further complicated by growing conflict between the Institute's union and the peasant leadership. The latter claims that little is being accomplished in the agrarian sector because of entrenched and unionized bureaucratic interests.<sup>8</sup> During July and August, 1986, tension was so high over these and other issues that Azcona threatened to declare a state of emergency.

### THE HONDURAN MILITARY

The series of political crises engendered by President Suazo during 1985 drew the military visibly into the political arena. In the process, General Walter López Reyes emerged as a key power broker and interlocutor between Suazo and a coalition of political forces led by organized labor and the private sector. López was under tremendous pressure: many key leaders in these groups wanted Suazo ousted from power in order to ensure elections and an orderly transition of power. Officials in the United States embassy argued that Suazo's ouster would break the constitutional order and work against democracy in the long run. Suazo himself resented the United States unwillingness to countenance his regime. Therefore, as he was being squeezed by military and civilian leaders to give up his dreams of staying in power, he was slowly cutting off United States supply routes through Honduras to the contras.

In retrospect, General López's holding the internally divisive military and fractious civilians together to oust Suazo may have been one of the few heroic moments in recent Honduran history. Just days after Azcona took office, López himself was ousted from the top military post by senior military officers, illustrating the tenuousness of power at the top of the military establishment. When López succeeded the strongman Alvarez, his mandate was to give the military a lower profile in Honduran political life and to

<sup>7</sup> Mark J. Ruhl, "The Honduran Agrarian Reform Under Suazo Córdova, 1982-85: An Assessment," *Inter-American Economic Affairs*, vol. 39, no. 2 (Autumn, 1985), pp. 63-80; James LeMoyné, "With Hunger as the Goad, Peasants in Honduras Are Now Seizing Land," *The New York Times*, December 3, 1985.

<sup>8</sup> "Honduran Peasants Show Their Muscle," *Mexico and Central America Report*, no. RM-86-07 (August 21, 1986), p. 5.

<sup>9</sup> Victor Meza, "La caída de Walter López: significado y enseñanzas," *Boletín Informativo Honduras*, no. 58 (February, 1986).

<sup>10</sup> Joanne Omang, "Aid to Contras Is Cloaked in a Charade," *Washington Post*, October 18, 1985.

moderate the growing hostility between the fifth and sixth graduating classes of power-oriented senior military officers. Suazo's cantankerousness ultimately destroyed any possibility of the former, and festering enmities between military generations, covertly encouraged in part by Suazo himself, made López a critical arbiter in both civilian and military circles.<sup>9</sup>

General López was replaced by General Humberto Regalado Hernandez, an infantry officer with an intimate knowledge of United States military maneuvers in Central America. To finish the unexpired term of Generals Alvarez and López, Regalado will be replaced by a permanent military commander in December, 1987.

Regalado's task will be extremely difficult. While there seems to be consensus at all levels within the armed forces on the issues of anticommunism and anti-Sandinismo, there are unreconciled differences at senior command and staff levels.

### THE CONTRA CONNECTION

The impact of the contras in Honduras has finally emerged as a major issue of debate. At the highest level, the contra presence in Honduras was publicly denied by Honduran government officials, including President Azcona, until late March, 1986.<sup>10</sup> Then, an Easter week Sandinista incursion into Honduras, which was being downplayed by the Azcona government, became part of an improvised White House effort to convince the United States House of Representatives that congressional support for the contras was essential. To the embarrassment of United States officials, President Azcona and the Honduran armed forces initially denied that Nicaraguan troops had entered the country. Pressure from the United States in the form of inducements and threats persuaded Honduran decision makers to formalize United States suggestions that emergency military aid could be made available to help repel the incursion.

The use of strong-arm tactics in Washington caused a brief flurry of protests in both countries. But behind the scenes, it is likely that decision makers from both countries were happy with the result. Honduran officials no longer had to maintain the charade of ignorance about the contra presence; in exchange, they received emergency aid from the United States and a renewed United States commitment to Honduran security. United States officials achieved two important objectives as well: they were able to demonstrate the rising Sandinista threat at a moment crucial to the congressional debate over aid to the contras and they forced President Azcona to confirm his commitment to the contras in a moment of crisis when the leader might have decided that Honduras should no longer harbor the rebels for security reasons.

When the United States House of Representatives voted \$100 million in support of the contras in June,

1986, there were direct and immediate repercussions in Honduras. Many leaders in both the public and private sector welcomed the vote because it was the first positive indication of consensus in Washington over Central American policy. The House's support for contra aid was interpreted as a confirmation of President Ronald Reagan's East-West vision of the Central American conflict.<sup>11</sup> It also sent the symbolic message that Honduras could count on continued United States backing for its anti-Sandinista efforts.

A further indication of United States seriousness came just days after the House vote, when the Department of State fired John Ferch as United States ambassador to Honduras. The likable diplomat had been in his post for less than a year; in contrast to his predecessor, John Negroponte, Ambassador Ferch gave attention to a range of issues beyond security. A close friend of President Azcona's, Ferch had failed to ingratiate himself with the Honduran military; he had also disagreed with high officials in Washington over his management of the contra operations. Strained relations with his own subordinates and demoralization in the embassy created an opportunity for hardliners in the Reagan administration to replace Ferch with an ambassador whose concerns would focus more narrowly on the management and administration of the renewed United States contra support efforts.

Other costs occasioned by the contra presence have been more directly sustained by Hondurans themselves. By mid-1986, the contra presence in the southern departments of El Paraíso, Choluteca and Gracias a Dios was creating serious problems for Honduran coffee farmers and other residents, whose movements were increasingly restricted by contra security squads.<sup>12</sup> Reports indicate that over 12,000 Honduran civilians have left this region, and there are fears that the country's coffee crop may be seriously damaged by contra-generated dislocations, especially in El Paraíso.

Senior Honduran military officers publicly humiliated themselves by allowing a private struggle over control of the contra supply efforts to become public. After a violent military raid on the home of a Honduran businessman closely associated with the contras,<sup>13</sup> two high-level military officers were suspended from the military by General Regalado. While the armed forces' leader publicly denied that the Honduran military had profited from United States aid to the insurgents, the unseemly event epitomized the del-

eterious impact of the United States "covert" operation. It also confirmed many observers' suspicions that the contra presence has fueled unprecedented corruption within the military.

To be sure, the United States commitment to the contras has promoted a greater feeling of security in Honduras because of its bipartisan character. However, there is a new feeling of insecurity in Honduras, which can only be compared to the darkest days of General Alvarez Martínez's tenure. This insecurity is especially felt in the working class, where political participation was the first victim of the national security program implemented by Alvarez Martínez. Even while Alvarez Martínez is languishing in exile in Miami, there is every indication that his enforcement apparatus is still intact. If Honduras becomes the critical forward base for significant new United States and contra operations, there is every likelihood that the human rights environment will precipitously decline.

#### DETERIORATION IN HUMAN RIGHTS

By late 1984, the Honduran military was under fierce public pressure to explain why there had been a deterioration in human rights under Alvarez Martínez. Specifically, upon taking power, General Walter López had agreed to constitute a special military commission to investigate over 100 unexplained disappearances of Honduran residents. When this commission delivered a "preliminary" report, the strongest statement that it could make was that "some of the disappeared could have been victims of vendettas led by irregular groups of non-Honduran leftists or rightists, who . . . [had] operated clandestinely in national territory."<sup>14</sup>

The report damaged the military further and strongly implied a cover-up. General López promised a final and more thorough analysis within six months, but by then Suazo was campaigning to continue in office. López deftly focused civilian energies on mobilization against Suazo's antielection tendencies. The final report was never issued.

Unlike his predecessor, President Azcona does not appear to be directly involved in the continuing human rights problems in Honduras. However, the government shows virtually no ability to enhance citizen security. Disappearances continue; death lists circulate; human rights advocates are intimidated; and activists are physically threatened.

Violent, politically motivated incidents are occurring with greater frequency. Incidents include a mid-night attack on a contra "safe house" in an exclusive

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<sup>11</sup> See the editorial "100 millones de 'proceres,'" in *La Tribuna*, June 28, 1986.

<sup>12</sup> Richard J. Hiller, "La contra y los derechos humanos en Honduras," *Especial* (Centro de Documentación de Honduras), no. 22 (April, 1986).

<sup>13</sup> Sam Dillon, "Grocery Allegedly Bilks U.S. of Contra Aid," *Miami Herald*, May 9, 1986; "War Profits Cause Tension," *Central America Report*, vol. 13, no. 33 (August 29, 1986).

<sup>14</sup> *El Tiempo*, December 31, 1984.

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*"Despite the recent attacks launched against him by the Reagan administration, on the surface General Noriega appears to be stronger than ever. Charges of drug dealing wounded Noriega personally and damaged the military as an institution, causing a backlash" against the United States. Thus, "it is difficult to say whether General Noriega and the Defense Forces will soon release their grip on Panamanian politics."*

## General Noriega's Panama

BY STEVE ROPP

*Professor of Political Science, University of Wyoming*

ON a beautiful July morning in 1986, members of Panama's Democratic Revolutionary party (PRD) gathered at the tomb of General Omar Torrijos Herrera. The tomb lies near some big shade trees at the edge of old Fort Amador's parade field. It is a tranquil place, cooled during morning hours by breezes from the Pacific.

Party members were paying homage to the man who had dramatically influenced the nation's political and economic destiny over the course of two decades. Before Torrijos came to power through a military coup in 1968, Panama had been run by a small urban commercial elite that had proven incapable of meeting the economic needs of the people. General Torrijos and his armed forces began to address these needs; and they moved toward a broader (though not necessarily more democratic) system of political representation. Until his death in a mysterious plane crash in July, 1981, Torrijos also used his considerable powers of persuasion to achieve Panama's primary foreign policy objective—control of the Canal Zone.

When Torrijos came to power in 1968, there were no soldiers in Panama. The institution that he served as a major was a police force rather than a true national army. By 1986, however, the police force had become a military institution (the Defense Forces) with the legitimate security mission of defending the Canal. Today, the military presence in Panama is substantial and constitutes one of General Torrijos's most significant political legacies.

The Defense Forces and Panama's territorial sovereignty are the twin realities of the 1980's. Taken together, they convey the impression of a system of military governance in the name of national sovereignty and economic progress that is likely to be very long lasting. But a surface view of Panamanian political reality can be deceptive. The system of government established by General Torrijos, which allows the Defense Forces' high command to rule through the instrument of the Democratic Revolutionary party, remains largely intact. At the same time, the party has become something of an empty vessel housing the worst kind of opportunists. Even the growing strength

of the Defense Forces is deceptive. In recent years, the military has been altered in ways that paradoxically increase both its institutional power and its political vulnerability.

To understand the current political situation in Panama, it is necessary to place the government within the broader context of the nation's historical evolution. Before the military came to power in 1968, Panama's urban commercial elites had governed in a fashion that ensured them maximum financial opportunity through perpetuation of the country's traditional open economy. What changed in 1968 was not the economic aims of the government (the maintenance of this open economy) but rather the institution that would regulate its functioning. Although economic resources were more equitably distributed by the new military governing class, the economic system that generated these resources experienced little change.

At issue today is whether the current system of military-dominated government is appropriate to a decade without leaders of General Torrijos's stature, when the Defense Forces have a legitimate military mission, and when both the economy and the society have become more sophisticated and complex. During the past several years, the anachronistic nature of Panama's current system of government has become increasingly obvious. Many recent developments would seem to be leading to the eventual collapse of military rule.

Since the coup of 1968, there has been a much-used phrase in Panama: "No por la vota pero por la bota" (Not by the vote but by the boot). While Torrijos was alive, military influence over the appointment and removal of civilian leaders was exercised; but the civilian leadership was remarkably stable. After his death, frequent changes in the top military leadership (three commanders in chief between 1981 and 1983) led to frequent changes in civilian Presidents.

In 1983, the military officer long considered second only to General Torrijos in influence took command of the Defense Forces. Manuel Antonio Noriega had been head of G-2 Intelligence and had used this position to gather information that could serve as a basis

for blackmailing his comrades-in-arms (including Torrijos). The first Panamanian President to feel the heel of his boot was Ricardo de la Espriella, who believed that he was the logical PRD candidate for the direct elections to be held in 1984. General Noriega felt otherwise and replaced President de la Espriella with Jorge Illueca in February, 1984.

By 1983, it had become clear to Noriega and the Defense Forces that Panama's economic problems could be solved only through cut-back management. The national bureaucracy had become bloated during the Torrijos years; there were a number of failing state companies; and the national debt had mushroomed. In this context and with a good measure of advice from the United States, the Defense Forces maneuvered to place an economic technocrat in the presidency. The man of the hour was Nicolás Ardito Barletta, minister of planning during the Torrijos years and a former vice president of the World Bank.

Following his fraudulent election in May, 1984, Barletta struggled with economic problems similar to those faced by many other Latin American Presidents. He had to come to terms with the foreign commercial banks and the international lending institutions that held \$3.6 billion in loans to Panama. The International Monetary Fund and the World Bank demanded that the government change its spending habits; they were particularly interested in seeing existing industrial and labor legislation modified so that the national economy could become more competitive.

From the standpoint of international lending institutions and the United States, Panama's economic doldrums stemmed from two main sources. First, national industrial firms had traditionally been protected by high tariffs, so that there was little incentive for getting involved in export-oriented activities that could boost economic growth and take advantage of the United States-sponsored Caribbean Basin Initiative. Second, prevailing wage rates in Panama were considerably higher than regional wage rates.

Attempting to deal with these problems, President Barletta engaged in closed-door discussions with the international lending institutions, which were widely perceived by various sectors of the Panamanian population as hostile to their interests. If the opposition to these discussions had been limited to the political groups still chafing over the fraudulent elections of 1984, Barletta might have been able to ride out the storm. However, many of the economic measures that Barletta was contemplating were anathema to members of his own political constituency. Labor leaders associated with the PRD feared that changes in the labor code would strip away the benefits they had gained during the 1970's. Industrialists and other

business groups associated with the regime felt that modification of tariff regulations would expose them to debilitating foreign competition. And, above all, General Noriega and the Defense Forces were concerned about the effects of Barletta's policies on the already unstable political situation. Their concern was heightened in July, 1985, when a 48-hour work stoppage was called by the National Council of Organized Workers (CONATO). By July, 1985, it was obvious that General Noriega had become disenchanted with his hand-picked political protégé's economic leadership and was considering alternatives.

However, the event that triggered Barletta's resignation was the murder of Dr. Hugo Spadafora, whose body was discovered along the Costa Rican border on September 15, 1985. Spadafora had been decapitated and stuffed into a United States mailbag.

Although sometimes described as a Panamanian businessman by the United States press, Spadafora was in fact the country's best-known guerrilla internationalist. He had attended medical school at the University of Guadalajara in Mexico during the 1960's and served as a volunteer doctor with the guerrilla forces of Amílcar Cabral in Guinea-Bissau. Returning to Panama, he had initially opposed the military government of Omar Torrijos but was eventually converted and named vice minister of health. In 1978, Spadafora once again became active internationally, joining the southern front of the Sandinista guerrillas fighting to overthrow President Anastasio Somoza.

General Noriega immediately came under suspicion in the Spadafora killing because of the well-known personal antagonism between the two men and because of the circumstances surrounding his death. Following the plane crash that killed Torrijos, Spadafora had begun to criticize Noriega, who at that time was still head of G-2 Intelligence. Spadafora's harshest criticism came in 1984, when he publicly stated that it was a national disgrace to have Panama governed by an international drug trafficker.<sup>1</sup> Noriega and the Defense Forces were suspected of involvement in Spadafora's death; the guerrilla doctor was last seen being hauled off a bus near the Costa Rican border by known agents of G-2 Intelligence.

Less than two weeks after the discovery of Spadafora's body, President Barletta resigned. Barletta probably believed that the sordid nature of the killing and the recalcitrance of the Defense Forces in dealing with it would sully what was left of his international reputation. For General Noriega and the Defense Forces, on the other hand, Barletta appeared to be an untrustworthy civilian ally in their effort to cover up the crime.

Barletta was succeeded in office by First Vice President Eric Arturo Delvalle. A member of the Republican party and heir to a fortune founded on sugar, Delvalle was a more pliable and willing instrument

<sup>1</sup>*Rumbo* (San José, Costa Rica), September 26–October 2, 1985.



of military authority. In March, 1986, General Noriega showed strong support for his new President by supporting the government's effort to force three new economic laws through the less than enthusiastic National Assembly. These laws (labor, industrial and agricultural) bore a striking resemblance to those proposed the year before by Barletta; then they had received lukewarm military support.

## ECONOMIC TRENDS

Panama's economy has been in a downward spiral since the signing of the Panama Canal treaties in 1978. From 10 percent growth in that year, the economic growth rate fell into the 4 to 5 percent range for the following three years. By 1983, it was only 0.2 percent, while the population was increasing at the rate of 2.5 percent a year.<sup>2</sup>

Panama's recent political problems have largely resulted from government measures taken to deal with the \$3.6-billion national debt. The size of the debt is in turn a result of the fact that Panama has never had its own national currency. Reliance on the United States dollar means that there have been minimal inflationary pressures but it has also meant that state-led growth projects can be financed only through international borrowing.

Despite the general decline of Panama's economy over the past decade, economic conditions (except for the debt) have been slowly improving. By the end of 1985, real growth was estimated to have climbed to 3.3 percent, although it was not evenly distributed through various sectors of the economy.<sup>3</sup> Panama today has two economies. The more dynamic one is associated with the service activities concentrated in the highly urbanized transit area. Such activities include international banking (which grew tremendously during the 1970's with the expansion of multinational corporations), shipping via the Canal and by pipeline, and activities associated with the Colón Free Zone. The Colón Free Zone is now the second largest in the world after Hong Kong, having expanded rapidly because of the regional increase in multinational corporate activity.

The "first economy" accounted for the modest real growth that Panama has experienced since 1985. However, the "second economy," based largely on agriculture, manufacturing and construction, has barely held its own over the same period. The stagnation

experienced by the agricultural sector is due to a continuation of depressed world food prices and particularly to the weak market for sugar. Banana exports have increased somewhat and there has also been renewed strength in the market for domestically consumed agricultural products like corn, sorghum and rice.

The manufacturing sector has been growing at a rate of only 1 percent annually, because of uncertainty with regard to government tariff legislation. Passage of industrial legislation in March, 1986, cleared up the situation somewhat, but growth remained slow and uneven. The construction industry was particularly hard hit by decreases in government spending for public housing, and this largely accounted for the political unrest within this portion of the labor force.

Although the Panamanian economy has not set any records for dynamic growth during the past few years, it has been slowly improving. Improvement has tended to offset the negative political consequences of the debt crisis and thus has kept social unrest within the tolerable range. Although business interests have become disenchanted with the policies of the Noriega-Delvalle administration, they have benefited from some of its recent actions. Labor legislation has curbed the rights of workers and the government has moved more forcefully against smugglers, a measure intended to protect industrialists against competition from illegally imported goods and to compensate them for their losses experienced as a result of lower tariffs.

## COCAINE, THE CANAL AND CENTRAL AMERICA

During the Panama Canal debate of the mid-1970's, David McCullough's *The Path Between the Seas* was required reading for those interested in understanding the context within which United States foreign policy decisions were made. The issue was primarily the health of bilateral relations and the perceived injustice of United States maintenance of a colonial enclave in the heart of Panama. In 1986, it would be difficult to specify a required reading list but it might include *Underground Empire* (David Mills's book on the international drug trade), as well as several on the current crisis in Central America.<sup>4</sup> Today, the United States remains concerned about the Canal and particularly about Panama's ability to maintain and defend it after the year 2000. But relations have been complicated by growing United States concerns about two additional issues: Panama's role in international drug trafficking and Panama's strength as a strategic ally in the effort to prevent the spread of revolution in Central America.

Panama's relations with the United States remained cordial through 1984 and most of 1985. There was support for President Barletta as he struggled with the twin problems of the national debt and establishing his legitimate right to govern. However, relations

<sup>2</sup>Thomas John Bossert, "Panama: Transition to Democracy," *Latin American and Caribbean Contemporary Record*, Vol. 3 (New York: Holmes and Meier, 1985).

<sup>3</sup>The economic information that follows comes from "Panama Economic Report," prepared by the Economic/Trade Development Committee of the American Chamber of Commerce and Industry in Panama, June, 1986.

<sup>4</sup>David McCullough, *The Path Between the Seas* (New York: Simon and Schuster, 1977); David Mills, *Underground Empire* (Garden City, N.Y.: Doubleday, 1986).

began to sour during the summer of 1985, when it became increasingly clear that General Noriega and the Defense Forces did not view President Barletta as an indispensable part of their decision-making team.

When Barletta announced his resignation before the National Assembly in September, the United States quickly expressed its displeasure with this "setback on the road to democracy."<sup>5</sup> There was an immediate and substantial reduction in the economic support funds that the United States had allocated to Panama—from \$40 million to \$6 million. These funds were reallocated to the new Christian Democratic government in Guatemala, sending the Panamanian Defense Forces a clear signal that they needed to become as circumspect in exercising their political influence as were their Guatemalan comrades-in-arms.

Panama responded to this display of United States displeasure by accusing the United States of meddling in local politics. General Noriega and President Delvalle suggested that the United States Department of State was involved in a "seditious plot" whose aim included not only the eventual removal of those who had toppled Barletta but also the elimination of the entire Torrijista state apparatus. The plot was said to involve the United States Congress, where individual members like Senator Jesse Helms (R., N.C.) were perceived as having worked for years to undermine the 1978 Canal treaties and the progressive gains of the Panamanian revolution. Furthermore, the "seditious plot" included a vast array of allies and fellow travelers within Panama. These included the top leaders of the various opposition parties, like Arnulfo Arias (Panameñista) and Ricardo Arias Calderón (Christian Democrat).

Following Barletta's removal there was intense debate within the United States foreign policy community as to how to pick up the pieces.<sup>6</sup> Different bureaucracies held opposing views with regard to the best way to protect United States security interests within the Canal area and, more broadly, in Central America. It became clear to United States diplomats that the Defense Forces were not going to stop meddling in politics. For some members of the foreign policy community (particularly those associated with the Department of Defense), this was not especially worrisome, because the military would continue to support United States aims in Central America.

For others (those most closely associated with the National Security Council, the Department of State, and the Central Intelligence Agency), the military's continued participation in politics posed a number of serious dilemmas. How could the United States con-

vincingly argue that Nicaragua must be forcefully brought back into the democratic camp when Panama was not yet a democracy? How could the Defense Forces be rendered professional enough to defend the Canal when they kept meddling in politics? And how could the Panamanian political system gain enough legitimacy to become a source of stability in Central America when it continued to be influenced and corrupted by the avarice of the Defense Forces?

The ouster of Barletta led the White House to commission a study on the internal situation in Panama, a study which, in turn, served as the basis for a United States attempt to get the Panamanian military to change its ways. In December, 1985, John Poindexter, the President's special assistant for national security affairs, met face to face with General Noriega and told him to "cut it out."<sup>7</sup> This direct message from the White House had little effect on General Noriega, who was known for his staunch independence in dealing with United States officials. In the early spring of 1986, Senator Helms began to hold hearings on the situation in Panama.

The Reagan administration's increasing frustration with its inability to influence Noriega directly and to accomplish such United States foreign policy goals as the prevention of drug money laundering led to consideration of more indirect methods. In June, 1986, a series of three blistering columns by Seymour Hersh on Noriega's activities appeared in *The New York Times*.<sup>8</sup> In view of Hersh's access to "high government officials," the series served as a signal to Noriega that the United States expected to see a reorientation of Panamanian policy.

The Hersh articles cited Noriega's long-standing involvement in drug transactions on the isthmus, activity that had been downplayed by President Jimmy Carter's administration during the 1970's because the charge was being exploited by treaty opponents. The Defense Forces had historically engaged in some drug production activities, but Panama's primary role in the international division of labor in the drug industry related to transshipment and the laundering of illicitly obtained funds. As General Noriega became more powerful, and particularly after he became commander in chief in 1983, he concentrated on money laundering because it was safer. Laundering simply involved the acceptance of drug money into Panama's secret accounts, where it could then be wire-trans-

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<sup>5</sup>This road had been partially paved by the United States-tolerated electoral fraud perpetrated in 1984.

<sup>6</sup>*Miami Herald*, June 14, 1986.

<sup>7</sup>*Ibid.*

<sup>8</sup>*The New York Times*, June 12, 13 and 22, 1986.

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*"Although he adroitly managed the party congress and changes in the leadership, Fidel Castro faces an array of domestic and foreign challenges . . . as daunting as any he has dealt with since he took power in 1959."*

## Cuba after the Third Party Congress

BY BRIAN LATELL

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CUBA'S President Fidel Castro displayed his considerable power most recently at the third congress of the Communist party.\* From February 4 to 7, 1986, he initiated the most sweeping overhaul of the regime's top leadership since the early years of the revolution. Three of his most faithful cronies were demoted from the Politburo and another was demoted from the Secretariat. A prominent leader of the prerevolutionary Communist party was also removed from the Politburo and another "old Communist" lost his alternate membership in that body. Previously powerful technocrats who are believed to have had especially close ties to the Soviet Communist party and bureaucracy were also demoted. In all, more than one-third of the members of the Central Committee were replaced.

Although prominent members of virtually all of Cuba's other political elites were demoted at the congress, Armed Forces Minister Raúl Castro and his associates—often referred to as *Raúlistas*—made significant gains.<sup>1</sup> The younger Castro and his associates may now constitute the largest single bloc in the Politburo and Secretariat. This, and other evidence of Raúl Castro's enhanced status, suggest that he is emerging from his previously shadowy place as one of the regime's most feared hard-liners and is assuming greater responsibilities in his roles as party second secretary and Vice President of the Council of State and the Council of Ministers.

Fidel Castro has emphasized that the leadership changes were made to revitalize the party. In the six-hour main report that he read to the delegates (with

two 30-minute recesses), he also made it clear that new leaders and approaches are needed to correct Cuba's many serious social and economic shortcomings. At the congress and in other appearances he has stressed his concerns about such "subjective" problems as inefficiency, waste, disorganization, low productivity and insufficient revolutionary zeal.

He also focused on Cuba's serious crime problem, admitting that in the preceding five years "a large part" of the work of the Ministry of Interior was directed toward preventing and controlling crime. "We cannot underestimate antisocial behavior," he said, "even if it has no political connotations." In subsequent speeches, he railed against those who are "apathetic and negligent . . . who do not want to participate in the struggle [and] who are irresponsible"; he denounced the "idiocy and stupidity" of bureaucrats.<sup>2</sup> Castro's concerns about crime and antisocial behavior were also reflected in the appointment in December, 1985, of a new interior minister and in January, 1986, of a new attorney general. Various social and economic reforms have also been enacted to improve morale and productivity.

In the foreign policy section of his report Castro struck a balance between expressions of support for Cuba's "internationalist" commitments and conciliatory messages meant to improve Cuba's tarnished image abroad. The approach was consistent with the trend of the last year or so in which he has reduced the intensity of public support for revolutionary change in Latin America. Reinforcing the Sandinista regime in Nicaragua remains Castro's paramount regional objective. But the frequent predictions of imminent revolutionary victories elsewhere in Central America that characterized Cuban propaganda in the early 1980's have subsided. Thus what has been described as a recurring dilemma in Havana's regional policies between revolutionary imperatives on the one hand and improving ties with established governments on the other has apparently been resolved, at least for the time being, in favor of the latter.<sup>3</sup>

In the 21-year history of Cuba's postrevolutionary Communist party, no voting Politburo member had ever been removed. At the party's first congress in December, 1975, all eight members who had been

\*Editor's note: This article was reviewed before publication by the Central Intelligence Agency.

<sup>1</sup>The term and the concept of an elite in the leadership particularly close to Raúl Castro were developed by Edward Gonzalez. See his "Institutionalization, Political Elites, and Foreign Policies," in Cole Blasier and Carmelo Mesa-Lago, eds., *Cuba in the World* (Pittsburgh: University of Pittsburgh Press, 1979), and other works.

<sup>2</sup>Foreign Broadcast Information Service, *Latin America: Daily Report* (hereafter cited as FBIS), February 7, 1986, p. Q31; April 22, 1986, p. Q20; and May 8, 1986, p. Q8. Castro's remarks at the congress can be found in FBIS, February 7 and 10, 1986.

<sup>3</sup>Juan del Aguila, "Political Developments in Cuba," *Current History*, January, 1986, p. 37.

originally named in October, 1965, were reinstated and were joined by five new members. At the second congress in December, 1980, those thirteen were reappointed and three new members were added. In contrast, in February, 1986, four full members and four alternates were dropped, although all of them remain at-large members of the Central Committee.

Three of those demoted—Ramiro Valdés, Guillermo García and Sergio del Valle—are among Fidel Castro's oldest and most trusted colleagues and original members of the Politburo. Valdés, one of about only a half dozen surviving veterans of the revolution, had long been one of the regime's key leaders. Except for a period in the late 1960's and early 1970's, he served as minister of interior, with responsibility for internal security and intelligence. When he was fired from that post in December, 1985, the official announcement indicated that he would be assigned "new tasks in the electronic industry," a specialty for which he has no known qualifications.

García, long lionized as the first peasant who joined Castro's guerrilla force, has enjoyed a special status in the revolutionary hierarchy; he was transportation minister until July, 1985. Del Valle served as a guerrilla doctor, as minister of interior in the 1970's, and as minister of health until he was demoted in July, 1985. Serious problems in the ministries headed by the three old guerrillas probably contributed to their demotions.

The fourth Politburo member dropped, old Communist Blas Roca, may have been the only top leader to have stepped down voluntarily. At the congress Castro read a letter from the 78-year-old Roca in which Roca asked to be relieved of his party responsibilities. Two other vacancies created in 1983 by the suicide of former President Osvaldo Dorticos and the death of old Communist Arnaldo Milian were left unfilled; thus the total Politburo membership has been reduced from 16 to 14. That Castro was willing, in effect, to leave two Politburo seats empty detracts from his argument that Valdés, García and del Valle were dropped only to make room for younger party members.

Four new members were added. Vilma Espín—a veteran of Raúl Castro's guerrilla front and for many years his wife, as well as head of the Cuban Women's Federation (FMC) since its inception—was promoted from alternate Politburo membership. Abelardo Colomé, a division general and first vice minister of the armed forces, was also a member of Raúl Castro's guerrilla front and has been closely associated with him ever since. Since 1980 Colomé had also served as a Politburo alternate. Roberto Veiga, who has been secretary general of the Central Organization of Cuban Trade Unions since 1974, was the third Politburo alternate promoted. Esteban Lazo's promotion was the most spectacular. He was vaulted to full Politburo membership from his previously obscure position as

an alternate member of the Central Committee. Lazo, the youngest Politburo member, joins Juan Almeida as a second prominent black official.

The revitalization of top party councils was even more dramatic in the ranks of the Politburo alternates. Antonio Pérez, who had been one of the regime's most powerful figures, was fired from both the Politburo and the Secretariat about a year before the congress. Although he remains a Central Committee member, his disgrace was highlighted soon after the congress closed when he was named ambassador to Ethiopia. Another demoted Politburo alternate, Humberto Pérez, had served as a vice president of the Council of Ministers and had been responsible for national economic planning as head of the Central Planning Board. Both officials are believed to have had unusually close ties to Soviet leaders and officials. Three other alternates including Jesús Montane—another of Castro's small group of cronies since the early 1950's—and old Communist Armando Acosta were also dropped.

#### THE CENTRAL COMMITTEE

The greatest turnover in the party leadership occurred among the at-large members of the Central Committee. Of the 148 permanent members named at the second congress, a total of 59 are absent from the present roster, including 4 who died before the third congress, 1 who died since then, 1 who was expelled between the two congresses, and 53 who were purged last February. Even more of a change occurred among the Central Committee alternates; 35 of the 77 named in 1980 were removed. The net result is a Central Committee consisting of 146 voting members—of whom 55 have been newly promoted—and 79 alternates.

Castro put a high priority on increasing the number of women, blacks and young people; he boasted that the congress's "booster shots" of members from these three groups had revitalized the party and its leadership. He claimed that blacks and mulattoes now constitute a little over 28 percent of the Central Committee members and alternates, but it is impossible to know how he arrived at that figure. He did not provide statistics regarding the numbers of Cubans less than 35 years old in leadership positions; thus it is unlikely that they made significant gains. And although women fared better, their gains may be largely symbolic. Whereas 18 were named to the Central Committee in 1980, only 19 were appointed at the third congress.

In fact, the low seniority of virtually all the female party leaders may adversely affect their political status. Vilma Espín is the only woman who has been on the Central Committee since 1965; second in seniority is Asela de los Santos, who has been a member since 1975. Of the 18 women named at the second congress



in 1980, only Espín, de los Santos, and 5 others were reappointed last February.

On balance, then, the changes favoring women, blacks and other traditional minority groups probably have had little bearing on decision making or on the real balance of power. The Central Committee acts primarily to rubber-stamp decisions made by the Castro brothers and their close associates, and to serve as a symbol of collective leadership.

In 1985, Raúl Castro began to play a more visible civilian leadership role. At a number of official functions over the last year or so, the younger Castro has worn a suit and tie and, on less formal occasions, a straw hat and a casual shirt—a marked departure from his and Fidel's custom of wearing only military attire in public. There was speculation in 1985 that he would assume a larger role in the party leadership at the third congress, perhaps even succeeding his brother as first secretary.

Although Raúl Castro did not acquire a new title, his position was considerably strengthened. Four of the Politburo members—Espín, Colomé, José Machado Ventura and Jorge Risquet—have long been counted among the regime's leading *Raúlistas*. Among the ten Politburo alternates, division generals Ulises Rosales del Toro and Senén Casas, along with José Ramírez Cruz and José Ramon Fernandez, are considered *Raúlistas*. There are also at least three *Raúlistas* in the nine-member Secretariat. In addition to the Castro brothers, only Risquet and Machado Ventura are members of both the Politburo and the Secretariat, suggesting that the coordination between policymaking and implementation may now be largely in the hands of Raúl Castro and his colleagues.

Furthermore, it may now be possible to coin a new political classification by describing the majority of women in the Central Committee as *Vilmistas*. Of 19 female members, 10 serve with Espín on the FMC national committee. Yolanda Ferrer, who for at least the last 10 years has been FMC secretary of political studies and solidarity, may be closest politically to Espín and the next most influential woman in the regime. Dora Carcano, FMC secretary general and second in its chain of command, has been a Central Committee member since 1975. Asela de los Santos is one of the few top FMC leaders who have worked with Espín since the early 1960's.

The reasons for these and other changes favorable to Raúl Castro in the party leadership are unclear. Fidel Castro has made no real effort to explain them, and in fact has not even acknowledged publicly that they are significant, though he did reiterate in some detail at the congress that his brother is his intended successor. There is no doubt, however, that the elder Castro was in control of the congress, and the brothers apparently continue to work together.

It is possible that Fidel Castro bowed to Soviet

pressures to depersonalize and decentralize the leadership in order to improve efficiency and productivity in a system that continues to require about \$5 billion in annual subsidies from Moscow and its East European allies. He may have concluded that by reducing his own visibility and expanding that of his brother, he could allay Soviet concerns, without yielding any power to leaders of the new generation of Soviet-trained and Soviet-oriented technocrats—like the demoted Pérezes—whose loyalty to him is not assured.

Such an interpretation would be consistent with what is known of Raúl Castro's career and attitudes. Since the guerrilla struggles of the 1950's, when he was already affiliated with Cuba's prerevolutionary Communist party, he has been widely viewed as the most unswervingly pro-Soviet leader in his brother's original entourage. Judging from the frequency of his travels to the Soviet Union and East Europe and his public statements, he is emerging as the regime's most important interlocutor with Soviet and East-bloc leaders. Distinguished old Communist Carlos Rafael Rodríguez played that role for many years, but he is now in his mid-70's and is less active and influential.

The younger Castro also seems to have emerged as the regime's principal spokesman on virtually all dimensions of the Cuban-Soviet relationship. Unlike Fidel Castro, who manages to avoid lengthy discourses on Cuban-Soviet relations and who rarely uses Soviet anniversaries as occasions for public oratory, Raúl performs frequently as a predictable and uncritical friend of the Soviet Union. In a lengthy speech in May, 1985, which marked the twenty-fifth anniversary of the establishment of Cuban-Soviet diplomatic relations, for example, he was characteristically effusive in speaking about the development of those relations and about Soviet history. For all these reasons, and because of Raúl Castro's reputation as an effective administrator and hard-line ideologue, Kremlin leaders may be more comfortable dealing with him than with his more mercurial brother.

An alternative—though compatible—explanation for Raúl's rising importance is that it is primarily the result of his and Fidel Castro's concerns about the latter's health. Rumors that President Castro is gravely ill have recurred since the summer of 1985, when he stopped smoking his trademark cigars; these rumors have been fueled by repeated indications in his speeches that he is preoccupied with medical and health matters and with issues of mortality and longevity in general. In a speech in late 1985, Fidel Castro jokingly acknowledged that all this had attracted attention in Cuba.

These comments and reactions, and Castro's frequent coughing during public appearances, may of course simply result from minor ailments combined with heightened interest in physical fitness. Castro's keen interest in sports dates to his high school years

(when he was named Cuba's outstanding all-around athlete), and he is known to follow a grueling work schedule. Nonetheless, if the President is seriously ill, changes in the membership of the Politburo and Secretariat that have enhanced Raúl Castro's power would seem to assure Raúl's succession if Fidel Castro dies or relinquishes power before the next party congress.

### ECONOMIC AND SOCIAL FACTORS

Fidel Castro acknowledged a variety of serious social and economic problems at the party congress. He described the severe drought, the devastating hurricane that struck the island in November, 1985, and international economic conditions that affect Cuban hard-currency earnings as "objective" problems that are largely beyond the control of Cuban leaders. The drought, which began in the 1980's and is apparently the worst in decades, has severely reduced agricultural output and has resulted in shortages of drinking water, especially in Havana. Castro told the congress that 1985 was the driest year since "the triumph of the revolution," and declared that the hurricane affected "60 percent of our sugarcane." Production of food for domestic consumption was also impaired by the twin natural disasters, resulting in shortages and increased rationing. In early 1985, the government admitted that 26 percent of total personal income was spent on rationed goods, a condition that undoubtedly grew worse in 1986.<sup>4</sup>

Several reforms have been implemented to improve the morale and productivity of Cuban workers and managers, but economic performance continues to fall short of official plans. Castro told the congress that in the preceding five years "gross social product" grew by 7.3 percent, and he projected 5 percent annual growth rates for the remainder of the decade. It is difficult to assess actual growth because of the peculiarities of Cuba's national accounting system, inconsistencies in official data and the likelihood that the data are inflated. In April, 1986, Castro conceded that the growth projections he made at the congress would not be achieved that year.

Strong forces, both "subjective" and "objective," will continue to undermine the economy. The hard-currency market for sugar is not likely to recover in the foreseeable future, and prices that have been soft for more than a decade are likely to remain low. In any event, serious shortfalls in Cuba's sugar production continue to wreak havoc in national economic planning. In 1985, for the third consecutive year, plans for sugar sales in hard-currency markets were close to a million metric tons over actual output. In fact, the government has been forced in recent years to use scarce foreign exchange to purchase sugar in the West

to meet its obligations to Communist customers.

In an official report to its Western creditors, the Cuban National Bank admitted in early 1985 that approximately \$200 million was spent that way in 1984 and 1985. Since the short-term outlook for Cuba's remaining exports is only somewhat more promising, the chances are good that Havana will repeatedly be forced to seek relief from its Western creditors for payments on its approximately \$3.5-billion debt.

### REGIONAL FOREIGN POLICIES

Over the last two years, Castro has repaired some of the damage done earlier in the decade to Havana's relations with Latin American countries. Ecuadorean President León Febres Cordero made an official trip to Cuba in April, 1985. That July, Bolivia's health minister visited Cuba to award Castro a national decoration, and the Bolivian planning minister subsequently attended the regional debt conference in Havana. After a hiatus of more than 22 years, moreover, Uruguay established diplomatic ties with Cuba in October, 1985, and Brazil followed suit in June, 1986. Other South American governments have strengthened ties with Cuba, and Cuba now has relations with all the countries of South America except Paraguay, Colombia and Chile.

In his main report to the congress, Castro spoke at somewhat greater length about Nicaragua and El Salvador than about other Latin American countries, but his comments were cursory in comparison to his lengthy discussion of the regional debt crisis. In the case of El Salvador, he admitted implicitly that the Farabundo Martí Front of National Liberation (FMLN) has been on the defensive and that its chances of scoring any major military success against the government of José Napoleón Duarte are poor. He apparently recognized that the military balance of power there has shifted in favor of United States-supported government forces.

In part, Castro's declining interest in El Salvador reflects his greater concern about the Sandinista regime in Nicaragua, particularly its vulnerability to United States-supported guerrillas and the many economic and other problems it faces. He last visited Nicaragua in January, 1985, to attend the inauguration of President Daniel Ortega Saavedra, and he used the occasion to announce the cancellation of Managua's \$73-million debt to Cuba. He also emphasized his belief

*(Continued on page 437)*

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<sup>4</sup>The Cuban American National Foundation, *Cuba's Financial Crisis: The Secret Report from the National Bank of Cuba* (Washington, D.C., June, 1985), p. 17.

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# BOOK REVIEWS

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## ON CENTRAL AMERICA

**EXPORT AGRICULTURE AND THE CRISIS IN CENTRAL AMERICA.** By Robert G. Williams. (Chapel Hill: University of North Carolina Press, 1986. 257 pages, statistical appendix, notes, bibliography and index, \$29.95, cloth; \$9.95, paper.)

Is another ambitious economic development program, as suggested by the Kissinger Report, the way to restore peace in Central America? This is the question posed by Robert Williams in his critical analysis of the effects of United States policies in the area since the mid-1950's. He answers that "United States policies nourished a monstrous contradiction." United States economic policies, particularly the expansion of acreage in export crops like cotton and sugar, resulted in increased wealth for the oligarchies and swollen ranks of landless and hungry peasants. Its social policies promoted land-reform decrees, peasant and union organizations and leadership training programs for these organizations. Its military aid programs helped the Central American countries develop modern, well-trained military units with "a repressive apparatus capable of terrorizing the new organizations." Williams concludes that "the most successful policies promoting economic growth in the 1960's had the long-run result of destabilizing the region." These policies also made the region more vulnerable to the economic shocks of the worldwide oil crisis and the recession of the 1970's. Williams argues against a return to the policies of the 1960's and suggests new approaches.

Mary M. Anderberg

**REVOLUTION AND INTERVENTION IN GRENADA: THE NEW JEWEL MOVEMENT, THE UNITED STATES, AND THE CARIBBEAN.** By Kai P. Schoenhals and Richard A. Melanson. (Boulder, Colo.: Westview Press, 1985. 211 pages, notes and index, \$22.00.)

In this two-part study, Kai P. Schoenhals, a Caribbeanist who lived in Grenada from mid-1982 to shortly before Maurice Bishop's murder in October, 1983, deals with Grenadan history and its violent politics. He describes the corrupt Eric Gairy governments, the rise of Bishop and Unison Whiteman's New Jewel Movement, their seizure of power in 1979, and the events that led to Bishop's downfall and murder. Richard A. Melanson, a foreign policy specialist, sees Grenada as a problem in United States foreign relations and discusses Presidents Jimmy Carter's and Ronald Reagan's responses to the Bishop government's. M.M.A.

**BELIZE: A NEW NATION IN CENTRAL AMERICA.** By O. Nigel Bolland. (Boulder, Colo.: Westview Press, 1986. 157 pages, photographs, maps, selected bibliography, notes and index, \$26.50.)

This interesting study of the former colony of British Honduras reviews its cultural, political and economic history and the events that finally led to its independence in 1981. Belize has a population of only 150,000 in an area larger than El Salvador, and only 12-15 percent of its arable land is in cultivation. Thus Professor Bolland regards Belize's prospects for development as good. Nevertheless, its future is insecure because Guatemala continues to block its entrance into the Inter-American Bank and other regional organizations, and its economy is vulnerable because of its dependence on a narrow range of agricultural and fishing exports. M.M.A.

**CONFLICT IN CENTRAL AMERICA: APPROACHES TO PEACE AND SECURITY.** Edited by Jack Child. (New York: St. Martin's Press, 1986. 208 pages, notes, appendixes and index, \$27.50.)

During 1983-1985, the International Peace Academy sponsored four conferences on the issues of conflict, peace and security in Central America. This volume includes a selection of the papers and discussions from the conference workshops. Both the complex causes of the present conflicts and the obstacles to their resolution are surveyed. Several chapters deal with strategies and mechanisms for negotiating peace, and with the Contadora peace process.

M.M.A.

**BREAKING FAITH: THE SANDINISTA REVOLUTION AND ITS IMPACT ON FREEDOM AND CHRISTIAN FAITH IN NICARAGUA.** By Humberto Belli. (Westchester, Ill.: Crossway Books, 1985. 271 pages, notes and index, \$8.95.)

Humberto Belli was a Marxist and an active member of the Sandinista front (the FSLN) until 1975. After the Sandinista revolution in 1979, Belli became editorial page editor of *La Prensa*. His study reviews the early years of the FSLN in the 1960's, the incorporation of revolutionary Christians and democratically oriented individuals into its ranks in the 1970's, and the creation of the Sandinista government in June, 1979. Belli describes how, despite their pledge to respect pluralism, the Sandinistas moved to foreclose political pluralism and began to harass independent labor and censor the press. The repression of the Miskitos is described and the Sandinista relationship with the revolutionary Christians and the Church is explored. M.M.A. ■

## GUATEMALA

(Continued from page 416)

the execution of captured guerrillas or their sympathizers, the torturing of prisoners, or the issuance of death threats against dissidents. He managed to disband the notorious Department of Special Investigations, long linked to acts of political repression and terrorism. But he also had to tell most political exiles that they would have to remain abroad a while longer because he could not guarantee their safety.

Most disturbing was the new wave of killings, disappearances and death threats that peaked in May and June, 1986. Many of these were apparently linked to the upsurge in crime that plagued urban areas, notably the capital, but others, including threats against GAM and union leaders, were politically motivated. By mid-June, human rights groups were claiming that several hundred people had been killed or wounded, or were missing as a result of the continuing internal violence in 1986. As the violence increased, relations between the government and GAM deteriorated. Cerezo accused GAM leader Ines Montenegro de García of lying; in turn, she accused him of arrogance and said he had broken a promise to form a National Investigating Commission to look into the cases of the disappeared. President Cerezo, long viewed as a champion of human rights in Guatemala, found that by late 1986 the strongest and, on an international level, the most effective attacks on his administration were coming from human rights organizations.

The Cerezo administration has also been unable to make any progress toward ending the quarter century of rural insurgency in Guatemala; if anything, guerrilla activities have increased. Initial reports of a possible truce proved false, and the government was unable to entertain guerrilla demands for a purge of the military and a dismantling of the civil defense patrols. A denunciation of United States regional policies as a precondition for any cease-fire was obviously impossible.<sup>7</sup>

### THE ECONOMY

The economy continues to defy the efforts of any administration to restore its former pattern of growth and fiscal solvency. The economy declined by 1.1 percent in 1985 and projections are for zero growth in 1986. Since 1980, per capita income has fallen 20 per-

cent, and the combined level of unemployment and underemployment has reached 45 percent. For the first time in decades, inflation has become a serious problem; projections for 1986 indicate an inflation rate approaching 40 percent. The government is also running a fiscal deficit, equal to nearly 2.5 percent of the gross domestic product (GDP), due in part to a steady decline in tax revenues in the preceding years. In 1980, taxes equaled 10 percent of the GDP, but by 1985 taxes equaled only 7 percent.<sup>8</sup> In the Western Hemisphere, only Bolivia had a lower rate of tax revenue as a percentage of GDP.

To deal with these problems, the Cerezo administration put together an economic package emphasizing export taxes, job creation, a simplified system of exchange rates, reduction in price controls, and higher interest rates to control inflation. Seeking support for these proposals, the administration engaged in a series of conferences with business, labor and political groups. To some extent, this effort to forge a national consensus was successful. After initial resistance, and in part because of government concessions, the Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (CACIF), representing the private sector, agreed to support most of the government's plan, including the export taxes. In protest, the National Farming and Ranching Union (UNAGRO) withdrew from CACIF, but this action failed to deter approval of the plan.<sup>9</sup> Major labor sectors, including the Guatemalan Confederation for Labor Unity (CUSG), also endorsed much of the program and the Christian Democrat-controlled Congress passed the major provisions.

The new program, however, failed to work as well in practice as it had in theory. Inflation remained a problem, the effort to create new jobs showed few immediate results, and new investments were notably lacking. Two major United States oil companies, Exxon and Amoco, suspended drilling operations in the Petén region, citing a lack of security from guerrilla attacks. Cooperation from the private sector was incomplete at best, with some merchants holding goods off the market in an effort to loosen government controls and force prices up.

Tensions in this area escalated sharply in August when the government announced a plan to institute controls over foreign trade transactions in order to increase government revenues and to combat rampant under-invoicing. CACIF denounced the proposals, and some of its leaders hinted at retaliatory economic actions should the plan be adopted. Problems with labor also multiplied; unions, free to organize for the first time in decades, unleashed a wave of strikes in both the private and public sector.

By the fall of 1986, there had been some progress in the effort to restore stability, democracy and economic progress to Guatemala. Political freedoms had

<sup>7</sup>Foreign Broadcast Information Service, *Latin America* (FBIS), May 16, 1986, p. P8, and July 22, 1986, p. P2.

<sup>8</sup>American embassy, Guatemala, "Foreign Economic Trends and their Implications for the United States of America" (Guatemala City, August, 1986).

<sup>9</sup>*Latin America Regional Reports: Mexico and Central America Report* (London), July 17, 1986, pp. 4-5; *CAR*, June 6, 1986, and "Special Report: Guatemalan Private Sector Response to Stabilization Plan," August 1, 1986; *Information on Guatemala*, April 25, 1986, pp. 1-2.



expanded; the military had largely stayed out of politics; government corruption had declined; the level of political terror had been reduced; and the precipitous decline in the economy had been halted, but not yet reversed. Guatemala's international image had improved and there was even the possibility of an accommodation with Belize.

But little had been done to alleviate the suffering of the majority of the population, to lower the level of unemployment, or to improve the position of the Indian. Human rights abuses continued to haunt the government. The land reform issue also remained unresolved, and pressure for action in this area was growing, as evidenced by a march of several thousand peasants on Guatemala City in early May. By summer, 1986, even those who accepted the President's good intentions were beginning to question his ability to reverse the negative heritage.<sup>10</sup>

In his inaugural address, President Cerezo declared: "Guatemalans, we have suffered enough and we have amply proved that we can stand up to adversity."<sup>11</sup> But the first months of his administration proved that the suffering was far from over. Guatemalans today have reason to hope for better times, but they have no reason to believe that reaching a better future will be easy or rapid. ■

<sup>10</sup>Victor Perera, "Can Guatemala Change?" *New York Review of Books*, August 14, 1986, pp. 39-41; *The Economist*, June 14, 1986, p. 40.

<sup>11</sup>FBIS, January 15, 1986, p. P14.

## PANAMA

(Continued from page 424)

ferred to banks outside the country. Noriega was a major partner in a Colón bank, which was believed to be heavily involved in such activity.

The Hersh articles also cited evidence of the Panamanian military's involvement in efforts to aid Latin American revolutionaries. In 1982, between 60 and 100 Colombian M-19 guerrillas were flown from Cuba to the isthmus after receiving training. The Defense Forces armed them, provided them with safe houses, and facilitated their transit through the Canal to their final destination along Colombia's west coast.

In Panama's effort to aid the M-19 guerrillas, the United States saw clear evidence of the connection between General Noriega's involvement in international drug trafficking and the destabilization of regional governments. U-2 overflights showed M-19 aircraft off-loading drugs at Panamanian airstrips that were controlled by the Defense Forces. These same planes were then reloaded with arms. Panamanian banks, including the one in which General Noriega had heavily invested, laundered drug money for the guerrillas.

## THE CUBAN CONNECTION

General Noriega's Cuban connection, which had been established during the Torrijos years, involved more than helping Fidel Castro to support Latin American guerrillas. The Hersh articles pointed to Noriega's long-standing policy of supplying the Cubans with intelligence information. The best known example was that of the so-called "singing sergeant." During a delicate point in the Canal treaty negotiations, it was discovered that Noriega had recruited a non-commissioned officer in the United States intelligence branch, who gave Noriega National Security Administration technical manuals (which were in turn passed on to the Cubans) and intercepts of the conversations of high-level Panamanian officials, including General Torrijos.

Panama was also heavily involved in Cuba's effort to circumvent the United States trade embargo. Of approximately 130 companies around the world that served as sources for the procurement of United States spare parts, high technology and consumer goods, some 60 were located on the isthmus. These Panamanian companies not only served as an indirect route for United States products reaching Cuba but for Cuban products such as shrimp and lobster reaching the United States.<sup>9</sup>

The Hersh articles concluded by putting further flesh on the existing evidence that General Noriega had been involved both in the fraud practiced during the 1984 presidential elections and in the murder of Hugo Spadafora. While the voting itself had been fair, the Defense Forces had taken control of the ballot boxes once it became clear that their civilian archrival, Arnulfo Arias, was likely to win. As for the Spadafora case, Hersh stated that the United States Defense Intelligence Agency had hard evidence of General Noriega's direct role in ordering the killing. Noriega told a number of officers that "I want that guy's head," an order that was apparently taken literally.

In the world of international drug dealers and facilitators like Noriega, it is not uncommon for concerned governments to seek protection from prosecution through the provision of valued services. General Noriega had effectively done this for years and was considered "our man" in Panama by many in the United States intelligence community. His problem developed not so much because of his conventional double dealing but rather because of shifts in United States foreign policy priorities. As the Reagan administration moved more forcefully into the area of drug trafficking, as it became more concerned about regional stability, and as the year 2000 approached, it became clear that too high a price was being paid for the intelligence information that General Noriega was providing.

Despite the recent attacks launched against him by the Reagan administration, on the surface General

<sup>9</sup>*Washington Times*, May 23, 1986.

Noriega appears to be stronger than ever. Charges of drug dealing wounded Noriega personally and damaged the military as an institution, causing a backlash against unwarranted United States interference in Panamanian affairs. In response to the hearings held by Senator Helms during the spring of 1986, 400 lieutenants issued a declaration of support for Noriega and accused opposition political groups of "selling out the national interest."

Noriega remains popular in the armed forces because military expansion created many new positions in anticipation of Panama's assumption of control over the defense of the Canal. Between 1983 and 1986, the Defense Forces grew from 11,000 to 15,000, and two new combat battalions were added. General Noriega was viewed not only as the man who made possible promotions for many of his fellow officers but also as a strong nationalist, willing to stand up to the United States on matters like the transfer of the United States Army School of the Americas to Panamanian jurisdiction.

Recently, there has also been a strengthening of the military's role in politics. With the coup of 1968, the armed forces had claimed the right to political participation through the constitutional requirement that the civilian government act in "harmonic collaboration" with the military. In 1985, General Noriega expanded this participation when he announced the formation of a personal general staff that contained economic, judicial, international and national security affairs sections.<sup>10</sup> Operating parallel to the Defense Forces' regular general staff, this staff would be used together with its civilian advisers to coordinate the making and implementation of national policy.<sup>11</sup>

In spite of its increasing size and the development of new institutional mechanisms like the personal general staff, the position of the Defense Forces is not so secure as it might appear. Starting with the beginning of military participation in politics during the 1950's, the armed forces have relied on the personal leadership of a single dominant officer to define and render its role legitimate. In 1986, there were signs that this traditional pattern was breaking down. General Noriega was heavily criticized both inside and outside Panama for serving as minister of narcotics. And the expansion of the Defense Forces meant that serious challenges to his leadership were likely to emerge from within the enlarged and more highly professionalized officer corps.

Just as important, Panama's society and economy have become more sophisticated and complex since the 1968 coup. The new middle class groups that emerged with the rapid expansion of the service sector are openly skeptical of the military's ability to govern.

Resigned to military rule when Panama was struggling to recover the Canal Zone, members of the middle class are increasingly vocal in the 1980's, and it has become clear that the debilitating effects of military rule are sapping the national economy.

Although the surface of Panamanian politics appears relatively tranquil, there are deep currents below. The Democratic Revolutionary party has been abandoned by the Defense Forces and serves only as a vehicle for celebrating the memory of Omar Torrijos. The civilian government is thoroughly illegitimate in the eyes of broad sectors of the national population, even those sectors that were founding members of the original Torrijista coalition.

It is difficult to say whether General Noriega and the Defense Forces will soon release their grip on Panamanian politics. But it is clear that their failure to do so will lead to increased political turmoil and continued economic stagnation in Panama. ■

## NICARAGUA

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Nicaraguan manufacturing output has failed to recover to prewar levels.

Comparative data, however, help clarify the significance of Nicaragua's weakness in the manufacturing sector. Declining industrial profits and production have also afflicted the rest of Central America. In fact, other Central American countries suffered even more than Nicaragua during the early 1980's. In Nicaragua, industrial value added failed to recover to prewar levels, grew very slowly from 1980 through 1984 and contracted in 1985. The industrial value added in the other four Central American countries and in Latin America as a whole also contracted sharply—and more severely than in Nicaragua—during the same period.<sup>22</sup>

Indeed, the Nicaraguan economy overall appears to have performed better than its critics suggest. Nicaragua's net increase in GDP for 1980–1985 was 4.4 percent, almost double the rate of increase of the Latin American GDP as a whole. In Central America, the second-best performance behind Nicaragua for that period was that of Honduras, at 3 percent.<sup>23</sup> For 1980–1985, Nicaragua's GDP per capita actually declined 11.6 percent, but that was the smallest decline in Central America and was only nominally worse than that of Latin America as a whole, which declined 8.9 percent. GDP per capita in Honduras and Costa Rica declined slightly more than in Nicaragua for that period. In war-torn El Salvador, GDP per capita for 1980–1985 plunged 23.8 percent.

Thus, balanced assessments (such as the Inter-

<sup>22</sup>Inter-American Development Bank (IDB), *Economic and Social Progress in Latin America: Agricultural Development* (Washington, D.C., 1986), p. 398.

<sup>23</sup>Central American GDP data in this paragraph come from CEPAL, op. cit., tables 2 and 3.

<sup>10</sup>*Miami Herald*, October 30, 1985.

<sup>11</sup>*Ibid.*

American Development Bank's 1986 report) credit the war and declining terms of trade for much of Nicaragua's economic difficulty.<sup>24</sup> It is remarkable that Nicaragua's economy since 1980 has generally been among the stronger Latin American economies—despite all these problems and the contra war.

### INNOVATING FOR SURVIVAL

Rather than slavishly imitating other socialist-led revolutions, as many of its critics claim, the revolutionary government of Nicaragua has been quick to adjust programs in order to correct errors, promote revolutionary goals, and counter external aggression. Sounding almost bewildered, DNC member and Interior Minister Tomás Borge has frankly averred that:

There is not, nor could there be, an ideological program here so clearly defined as that which existed in Cuba. Ours is a mixed-up, complicated program, and mixed-up programs confuse the masses. . . . Sometimes not even we [the leaders] have sufficient clarity to understand the extremely complex nature of this process.<sup>25</sup>

Although they are Marxist-Leninists, since 1979 FSLN leaders have argued that the Nicaraguan revolution can survive in its geopolitical setting only by maintaining "political pluralism." But despite opposition participation in the government, the regime came under relentless criticism from abroad, especially from the United States, and from within, for failing to hold elections and for operating in a constitutional vacuum. In 1982 and 1983, external pressures mounted. Fearful of both internal and international isolation, the Sandinistas began a threefold political response designed to enhance their political legitimacy. First, from 1982 through 1984, the revolutionary Council of State (Consejo de Estado) debated and passed laws on elections and political parties that were heavily influenced by the opposition.

Second, because it feared that a reelected Reagan administration might escalate its military pressures on Nicaragua, the revolutionary junta set national elections for November 4, 1984—a year earlier than originally promised and two days before the United States presidential election.<sup>26</sup> The 1982 state of emergency press controls and censorship were eased; parties contesting the election were given full freedom to campaign; and an extraordinary (though unsuccessful)

ful) effort was made to encourage the CD opposition coalition to join the other seven parties contesting the election. In a clean election, the FSLN decisively won the presidency and 63 percent of the seats in the new National Assembly (Asamblea Nacional).<sup>27</sup>

Third, the National Assembly started drafting a constitution to replace the revolutionary Fundamental Statute. This process, also involving broad participation by opposition parties and consultation with various interest sectors, was nearing completion in late 1986. The constitution appeared likely to establish a republican, presidential political system common throughout Latin America and to provide for an extensive economic role for the state and for many economic rights and guarantees for citizens.<sup>28</sup>

Sandinista efforts to maintain a national dialogue with elements of the defeated opposition broke down after the election, and political polarization increased. Nevertheless, for over a year after the national elections the government maintained the generally more open political and civil-liberties climate that had prevailed during the election campaign. During much of this period, the United States Congress had suspended aid to the contras. In mid-1985, however, the Reagan administration persuaded Congress to restore \$27 million in nonmilitary aid to the contras after President Daniel Ortega Saavedra visited Moscow. In early 1986, as President Reagan pressed for a new \$100-million aid package for the contras, Nicaragua restored most of the state emergency restrictions on civil liberties, expressly invoking United States policy as the cause of that decision.

In mid-1986, the government closed the opposition newspaper *La Prensa* and exiled two high-ranking Catholic officials for openly sympathizing with the contras. The human rights performance of the revolutionary government deteriorated sharply, and formal Church-state relations reached an all-time low. Political opportunities for opponents of the regime and for independent labor leaders contracted sharply, although several opposition parties still function. In mid-1986, the Independent Liberals decided to boycott the constitution-drafting process.

In its overall distributive and development goals, the revolutionary government originally hoped to favor small farmers, rural wage laborers and urban workers. It distrusted the private sector—especially large-scale export farmers. These biases, however, clashed with a desperate need for foreign earnings that could be obtained only from agricultural exports. The shortage of foreign earnings and the need for private investment to stimulate economic recovery led the new regime to adopt several pragmatic pricing and exchange policies that generally favored efficient, modern, large farmers over small farmers. Production contracts for profit were also signed with manufacturers.

Later, as the war began to disrupt the production

<sup>24</sup>IDB, op. cit., p. 325.

<sup>25</sup>Interview, *Pensamiento Propio*, p. 9.

<sup>26</sup>Author's interview with Sergio Ramírez Mercado, then member of the junta and FSLN candidate for Vice President, Managua, November 4, 1984.

<sup>27</sup>See *The Electoral Process in Nicaragua: Domestic and International Influences* (Austin, Texas: Latin American Studies Association, November 19, 1984).

<sup>28</sup>Author's interviews with Roberto Everz, legal adviser to the National Assembly, Managua, August 16, 1986; *Boletín*, Asamblea Nacional (Bulletin of the National Assembly) (Managua, February, April, May, July, 1986).

of corn and beans by smallholders in the north, the government began installing irrigation systems and paying commercial farmers to produce basic grains.

Another area of rapid policy adjustment has involved agrarian reform. Agrarian policy has been managed by Agrarian Reform Minister Jaime Wheelock Román, viewed early in the revolution as one of the most ideologically radical of the Sandinista leaders. There was a considerable debate within his ministry between radicals who wished to expand state farming and political and economic pragmatists who favored redistributing land as private property to individuals and small cooperatives. Acting pragmatically and expediently, Wheelock has yielded to pressure from rural smallholders and has moved the ministry toward decentralized programs, and cooperative and individual private property in redistributed land; and he has even broken up some of the state farms expropriated from the Somozas.

Original goals for redistribution began to be reached in 1984, but the increasing contra pressure in 1985 and 1986 led to a decision to expand and accelerate agrarian reform. On the assumption that smallholders would defend their land and crops against contra raids, land distribution was accelerated in areas of guerrilla operations. Succumbing to popular demand for land in central regions of the country, a redistribution of certain private holdings previously exempted from expropriation also began in 1985. Among the properties thus affected were those belonging to COSEP leader and one of the Sandinistas' bitterest critics, Enrique Bolaños Geyer.

### THE INDIAN POLICY

The approximately 90,000 Miskito, Sumu and Rama Indians of the northern Atlantic coastal zone profoundly resented early Sandinista policies that interfered with their livelihoods and lifestyles in an attempt to integrate the region into the nation and the revolution. The Atlantic zone became an early focus of antagonism toward the revolution, and anti-Sandinista forces operating out of Honduras began to recruit the Miskito to join the armed resistance. The regime heavily-handedly relocated many Miskito to inland camps far from their Río Coco homes; there was widespread repression of the highly resentful Miskito by local authorities in 1979 and 1980. These errors ignited an indigenous rebellion against the regime by two Miskito forces that joined the contras.

By 1984, the revolutionary government had come to understand the enormity of its own errors and the intensity of Miskito resentment. Growing understanding of the region's problems had come from the government's own studies. A reevaluation of its policy and human rights blunders led the regime to make a major shift in policy toward the Atlantic coast. By late 1984, the government was initiating discussions

about regional autonomy with indigenous civilian leaders and peace talks with one major Miskito faction. Local authorities who had perpetrated human rights abuses were removed. In 1985, the Miskito were allowed to return to the Río Coco, and formal autonomy talks began.

### FOREIGN RELATIONS

Nicaragua's relations with the United States continued to be extremely unfriendly in 1985 and 1986. Although the Sandinista government continued to seek bilateral talks with the United States, it remained stubbornly determined not to bend to United States demands for negotiations with the contras. Closing *La Prensa* and exiling two members of the Catholic clergy caused an obviously negative reaction abroad.

Nicaragua won an important symbolic victory over the United States in its International Court of Justice (World Court) suit against United States aid to the contras and CIA participation in harbor mining. Nicaragua rejected a draft of the proposed Contadora pact that had dropped a provision requiring the removal of United States troops and advisers from Central America. Nicaragua's relations with its neighbors improved somewhat with the election of new, more moderate regimes in Costa Rica and Guatemala, and with a meeting of Central American Presidents in Guatemala.

Nicaragua's relations with the Soviet Union, Cuba and other Eastern-bloc nations remained friendly in 1985-1986. The Soviets continued to provide credit, oil, arms and technical assistance, while Eastern-bloc nations bought more Nicaraguan exports and maintained programs of aid, arms sales and security advisers. Nicaragua continued to benefit from about 2,000 Cuban military advisers, and from a similar number of teachers, doctors and health workers.

The damage of the contra war has been enormous, and prospects are that damage will increase as \$70 million in new United States military aid to the contras begins to flow in late 1986. Despite the war, the Sandinistas have proven much better at economic management than their critics claim; they are certainly no worse than their Central American neighbors. Continuing United States-contra pressure (and a widespread belief among Nicaraguan strategists that pressure will probably escalate after the 1986 United States elections) has led to the deferral of many of the revolution's goals and to sharp constraints on political opposition. The Sandinistas believe that the rapid adjustment of political and economic programs in the mid-1980's has laid a foundation for increased economic strength and increased defensive capability. United States pressure has forced Sandinista leaders to adjust and innovate in order to defend their regime, but it also appears to have strengthened rather than weakened their will and capacity to rule. ■



## THE REAGAN DOCTRINE

(Continued from page 404)

use of United States air or naval power against Nicaragua. But unless the Sandinistas embark on some flagrant and massive act of aggression—a most unlikely prospect—the United States will not invade. In the words of a State Department official, “Reagan has already lost—Managua has won.”<sup>10</sup>

Can we really talk of Ronald Reagan’s defeat? He has made the Sandinistas bleed and has forced them onto the defensive. The covert operations have cost the President little in dollars and have hardly affected his popularity at home. Even the June, 1986, judgment of the International Court of Justice condemning the United States for aggression against Nicaragua barely created a ripple in the United States. And whereas the diplomatic costs of an invasion would be staggering, the contra war has only slightly affected United States relations with the governments of West Europe and Latin America. As the administration has correctly surmised, these countries’ bilateral interests with the United States far outweigh their concern about the covert American operations. To be sure, with his Nicaragua policy Ronald Reagan has flagrantly disregarded the nonintervention principle of the Organization of American States—yet he is in good company: so did President Dwight Eisenhower (Guatemala, 1954), President John Kennedy (Bay of Pigs, 1961) and President Lyndon Johnson (Dominican Republic, 1965).

But for an administration that seeks to impress the world with America’s resolve, any outcome short of Sandinista removal will be humiliating. The Sandinista dog may be bleeding, but by the time Ronald Reagan leaves the White House, the world will focus not on Nicaragua’s wounds, but on the fact that it still stands, defiant.

For Nicaragua’s two neighbors, the covert operations have cost more than prestige. By threatening to withdraw vital economic aid, the Reagan administration has forced the Costa Rican government to allow Nicaraguan rebels to operate in the north of the country. As Washington prepares to intensify the war, President Oscar Arias Sánchez is desperately seeking to reestablish his country’s neutrality. At stake are Costa Rica’s already threatened internal peace and the government’s tenuous control of the north.

Unlike the leaders of Costa Rica, the Honduran generals eagerly joined the contra war. Ronald Reagan, they reasoned, was not a weakling like Jimmy Carter:

he would trounce the Sandinistas and the contras would return to Nicaragua. In the meantime, the Americans would generously reward Honduras and its military leaders for their collaboration.

Now, in the sixth year of the Reagan era, Honduras is not the fledgling democracy Washington portrays, but a squalid banana republic. Thousands of armed contras camp inside the country and control a “liberated zone” of several hundred square miles, from which the Honduran population has fled. The civilian authorities have become increasingly irrelevant because Washington deals directly with the Honduran military on all contra matters. The Honduran Congress has not even dared to debate the contras’ presence in the country, even though this presence represents the most important development in recent Honduran history.

As the Honduran military grows restive—no longer confident in Ronald Reagan’s resolve—the United States controls the officers with bribes and threats. But Honduras has not yet seen the worst. If the United States fails to invade Nicaragua, Honduras will be left with thousands of well-armed contras with little discipline and a tradition of violence. This will be Ronald Reagan’s gift to Honduran democracy. On the other hand, the President’s gift to his successor will be a turbulent Costa Rica and an unstable Honduras.

For the Reagan administration, the contra war is morally justified. It has rested on a moral pillar: the Sandinistas are evil. This assessment of the regime in Managua is now accepted by many of Reagan’s critics.

True, the Sandinista leaders are not, and have never been, democratic. True, they have proved inept in handling the country’s economy; they are arrogant, ignorant and repressive.

But, as Arturo Cruz has noted, the Sandinistas have instituted some worthwhile social reforms “targeted at improving the living standards of the Nicaraguan people,” and have shown “real concern for the destitute”;<sup>11</sup> this is unprecedented among Nicaraguan rulers. Since 1979, they have killed hundreds of innocent civilians—but since 1979 the Salvadoran military has killed tens of thousands, and the Guatemalan army has killed close to 100,000. The Sandinistas’ record is certainly mediocre, but it is not among the worst in the third world. If the United States wants to embark on a moral crusade, there are many candidates far more deserving than Nicaragua.

Animosity for the Sandinistas, in the United States, often clouds reality. Thus Nicaragua’s 1984 elections are generally presented as a shameless farce. Yet even the *Economist* (London), a relentless Sandinista foe, calls them “fairish”<sup>12</sup> and the reports of the teams of European observers (including the report of the British Liberal party) gave a similar or better assessment, as Abraham Brumberg demonstrated in a masterful, yet generally overlooked article.<sup>13</sup>

<sup>10</sup>Interview with author.

<sup>11</sup>Cruz, op. cit., p. 1032.

<sup>12</sup>“Why the Contras?” *The Economist*, September 6, 1986, p. 13.

<sup>13</sup>Abraham Brumberg, “‘Sham’ and ‘Farce’ in Nicaragua?” *Dissent*, vol. 32, no. 2 (Spring, 1985), pp. 226–235.

In the same vein, the recent closing of *La Prensa* is castigated with fury—not even Somoza, we are told, went as far. (He merely killed the editor.) Yet, as Krauthammer points out, *La Prensa's* editor, Roberto Cardenal Chamorro, had come out “clearly in support of the [contra] resistance.”<sup>14</sup> How many governments would have tolerated such behavior in wartime?

Had the Sandinistas been merely as corrupt, as impervious to social reform, and as repressive as the rulers of Mexico (who run elections that make Nicaragua's appear as democracy's best), the outcry in the United States would have been muted. Were Nicaragua in Africa, the Reagan administration would have been far less alarmed. But the Sandinistas have committed a cardinal sin: they are, it is said, Marxist-Leninists, and they are in our own backyard.

The Sandinista leadership certainly includes Marxist-Leninists, but they are a minority. Above all, the two Ortega brothers—the President and the defense minister—are now more powerful than the rest of the leadership combined, and they belong to a rather common breed of third world authoritarian leaders who are not Marxist-Leninist.

Of course, no one can prove that the Sandinista regime is not and will not become Marxist-Leninist. But unless the United States is willing to invade Nicaragua, it will have to learn to live with Managua—and face the fact that Ronald Reagan's policy has strengthened Soviet influence there. Any future accommodation will fail unless the United States surrenders all pretensions to oversee the internal nature of the Nicaraguan regime. Washington can only hope to achieve concessions in Sandinista foreign and military policy, and it will have to offer something in return. This implies what both the President and his critics have refused to concede: a sharp limitation of the principles of the American sphere of influence.

### THE AMERICAN SPHERE OF INFLUENCE

A redefinition of the concept of the sphere of influence is also in order in the case of El Salvador. Ronald Reagan has forced the guerrillas onto the defensive. El Salvador will certainly not be “lost”—not during

Ronald Reagan's watch, at least. But the guerrillas have been able to adapt, and the military situation is now stalemated.

Meanwhile, the prospect of an effective political center in El Salvador is fading. Duarte retains his popularity in the United States Congress but not in his own country, where he has failed to deliver on his promises: peace, social reforms, more justice. As open dissent grows, as the number of strikes increases, and as the regime's credibility wanes, only two avenues remain open: harsher repression or a negotiated peace.

Duarte offers the rebels peace on his terms: they must lay down their arms and trust his and the army's goodwill; this amounts, at best, to a negotiated surrender. Some attribute this inflexible stance to pressure from the army and the Reagan administration, yet there is no indication that Duarte would offer better terms if he were a free actor, nor have the leaders of the Democratic party in the United States ever presented an alternative.

This is understandable, for the only coherent alternative includes some form of power-sharing that recognizes that the Salvadoran guerrillas, unlike the contras in Nicaragua, have impressive stamina, unswerving commitment, a legitimacy among the population because of their support for social reform, and the ability to resist on the battlefield.<sup>15</sup> Not even Ronald Reagan's liberal critics have been willing to consider power-sharing. Thus the present policy continues unchallenged. It will not bring peace to El Salvador, but at least it avoids any wrenching decision.

While a Christian Democrat flounders in El Salvador, another faces an impossible task in Guatemala. Cerezo is a man of goodwill, but power remains in the hands of the army. Cerezo's impressive electoral majority of December, 1985, constituted a mandate of hope. But he lacks an economic program and the authority to implement those basic social reforms that, he concedes, the country desperately needs. As hope turns into despair, the army's terror apparatus is already in place, and tortured corpses continue to appear along the streets and the roads of Guatemala with chilling regularity.

For the Reagan administration, Guatemala is a sideshow: there have been elections, the United States Congress is satisfied, and the guerrillas are not considered a serious threat. The administration's main concern is to persuade Guatemala to harden its stance vis-à-vis Nicaragua. Meanwhile it proudly proclaims that Guatemala has become a full-fledged democracy. These assurances are as convincing as were those of Assistant Secretary of State Elliott Abrams when he stated, in May, 1985, that there was no evidence that the deaths of Guatemalan human rights leader Rosario Godoy and her three-year-old son were other than accidental—even though it was public knowledge that the child's fingernails had been pulled out.<sup>16</sup> Unless

<sup>14</sup>Krauthammer, op. cit., p. 21.

<sup>15</sup>See, for instance, Piero Gleijeses, “The Case for Power-Sharing in El Salvador,” *Foreign Affairs* (Summer, 1983), pp. 1048–1063. While three years have gone by, the basic outline, I believe, remains valid.

<sup>16</sup>“So far there is no evidence indicating other than that the deaths were due to an accident.” Abrams's letter to James David Barber, chairman of Amnesty International, U.S.A., May 3, 1985, in *Americas Watch, Guatemala: The Group for Mutual Support* (Washington, D.C., 1985), p. 52. For the deaths of Rosario Godoy and her son, see *El Gráfico* (Guatemala), April 8, 1985; *El Imparcial* (Guatemala), April 8, 1985; *La Razón* (Guatemala), April 8, 1985; *La Hora* (Guatemala), April 8, 1985; *Prensa Libre* (Guatemala), April 9, 1985.

social reforms and a modicum of political democracy are genuinely implemented in Guatemala, the guerrillas, who have been defeated but not crushed, will again gather strength. By the end of the decade, Guatemala may no longer be a sideshow for United States policymakers.

Nowhere in Central America has the Reagan administration made a serious advance toward peace and security. Many, it is true, have placed their hopes in the peace efforts of the Contadora countries (Mexico, Panama, Venezuela, Colombia). These efforts, which have been under way since January, 1983, reflect the Latin Americans' anxiety with Ronald Reagan's Nicaragua policy, their impotence, and their ardent wish to avoid offending the United States. As befits smaller and irresolute powers, the Contadora nations deal with secondary issues. Thus they seek a peaceful settlement between Nicaragua and its neighbors—but no settlement will be possible while President Reagan persists in the contra war.

Contadora might play a positive role should the United States ever decide to seek a negotiated settlement with the government of Nicaragua and with the Salvadoran rebels. But the decision for peace must be made in Washington. What has characterized these last years is not only the harsh stance of the Reagan administration in Central America, but also the Democratic party's inability to offer coherent alternatives. In this sense, the debate over Central America has not yet begun. ■

## CUBA

(Continued from page 428)

that the fortunes of the two countries are inextricably linked:

No one is capable of calculating the consequences of an armed invasion by the United States of any Central American . . . country. An intervention in Nicaragua would generate an endless struggle among the people that would develop into real genocide. The situation is exactly the same in our country. We have prepared the people to resist.<sup>5</sup>

This and similar public comments reveal that although Castro has made some important gains in expanding Cuba's ties in Latin America and in improving its image, bolstering the Sandinista government remains his highest priority. Castro's acute sense of beleaguering, his fear of United States intentions, and his ferocious resolve to prepare the Cuban people for war are also clear.

Nonetheless, he balances apocalyptic warnings and preoccupations with an emphasis on the need to negotiate "the Central American conflict." In his report

to the party, he was critical of the Contadora negotiating process, from which Cuba has always been excluded, and spoke of its "weaknesses and instability" and "the tendency of some of its members to make concessions to Washington." By praising Mexico for its "outstanding and positive role" in Contadora, he no doubt intended to criticize the remaining three members—Venezuela, Colombia and Panama—which he did not name.

Castro reinforced his point by lauding the efforts of the so-called Contadora support group of countries—Uruguay, Argentina, Brazil and Peru—and by naming them. He also called for negotiated solutions in El Salvador and Guatemala. In the final analysis, these endorsements of regional negotiations and Castro's evident desire to lower the level of tensions with the United States reveal his profound concern that Cuba's myriad domestic problems and the serious threats to its international interests and personnel—particularly in Nicaragua and Angola—continue to grow.

Although he adroitly managed the party congress and changes in the leadership, Fidel Castro faces an array of domestic and foreign challenges. The economy is unlikely to sustain strong growth without fundamental structural changes that he continues to oppose. He made it clear in a speech in April, 1986, for instance, that reforms he had earlier condoned permitting limited experimentation with private entrepreneurship had gone too far. He denounced those "who shamefully play at capitalism" and singled out amateur artists who, he complained, have made outrageous profits "selling paintings, even to state institutions," and criticized others who "sell a clove of garlic for a peso." He evidently considers even such small successes in the marketplace embarrassing evidence of the failures of central planning and of his own leadership.

Judging from what Castro has been saying in public for some time, he is also deeply worried about the revolutionary commitment and credentials of Cuban youth. The children born during the early years of his rule when hopes and expectations were high are now reaching adulthood. Although that large cohort has been schooled entirely by the revolution, has received favored treatment, and has been the special target of Castro's attention over the years, many of its members are disillusioned. In speeches to student and youth groups since 1980, Castro has lectured and hectored them, insisting that they work or study harder and develop stronger revolutionary awareness. Often he speaks righteously, condescendingly and irritably, and reminds them of how hard they must work if they are to emulate the accomplishments of his generation.<sup>6</sup>

And Castro, who turned 60 in August, 1986, confronts these and many other pressures and problems at a time when his nearly legendary abilities to arouse

<sup>5</sup>FBIS, January 14, 1985, p. Q22.

<sup>6</sup>See Brian Latell, "Castro and the World: The Dilemmas and Anxieties of Cuba's Aging Leader," in Jaime Suchlicki and Damian Fernandez, eds., *Cuban Foreign Policy* (Miami: University of Miami, forthcoming).



and mobilize large followings have diminished. In Latin America he has been eclipsed by several dynamic, younger leaders, all of them democratically elected and enjoying high levels of popular support. Since the Soviet invasion of Afghanistan, moreover, he has been unable to refurbish his credentials as a leader of non-aligned causes and nations. Thus, although his hegemony appears strong in the Cuban leadership, Castro confronts dilemmas and frustrations as daunting as any he has dealt with since he took power in 1959. ■

## HONDURAS

(Continued from page 420)

suburb of Tegucigalpa, the bombing of a prominent radio commentator's car and home following his repeated public attacks on local corruption, and a confrontation between armed forces and the Roman Catholic Church over human rights violations in the Bajo Aguan agricultural zone. In early September, 1986, a list of prominent civilians targeted for assassination was circulated. The common denominator about the list was that most listed individuals have been highly critical of the contra presence in the country.<sup>15</sup>

These instances have been accompanied by rising social tensions and general instability. Between May and July, 1986, there were ten labor strikes that lasted up to six weeks. President Azcona's lack of concern about these labor stoppages, coupled with his inability to back his authority with power, does not augur well for a strong concern for human rights.

The generally unfavorable conditions in the Honduran social and political environment tend to be matched by the gloomy prospects for the economy.<sup>16</sup> Indeed, the continuing economic crisis in Honduras, now in its seventh year, is matched by the region's economic deterioration. While during the 1970's the region's gross domestic product (GDP) grew by about three percent per year, average growth during the 1980's has dropped to about one percent, below the region's average annual population growth.

Issues dominating the regional economic agenda include rising protectionism and a growing intraregional debt. In 1985, intraregional trade contracted by an estimated 21 percent; only Guatemala and Costa

<sup>15</sup> "Cuidadanos en lista de muerte," *Inforpress Centroamericana*, no. 706 (September 11, 1986).

<sup>16</sup> Information for this section came from the following sources: *Central America Report*, vol. 13, no. 36 (September 19, 1986); *Latin American Weekly Report*, no. WR 86-33 (August 28, 1986); and the Inter-American Development Bank, *Economic and Social Progress in Latin America* (Washington, D.C.: IDB, 1986), pp. 296-303.

<sup>17</sup> Camara de Comercio e Industrias de Cortés, "Posición de la CCIC para el Señor Presidente . . ." (San Pedro Sula, Honduras, 1986), and Consejo Hondureño de la Empresa Privada, "Documento presentado al Gobierno de la República a través del Sr. Ing. José Simón Azcona Hoyo" (Tegucigalpa, Honduras, 1986).

Rica were net regional creditors. Nicaragua and El Salvador each owe about \$0.5 billion to their Central American neighbors. Measures have been taken to enhance intraregional payments instruments.

Despite progress at the regional level, Honduras's economy continues to show only very modest signs of revival. Unlike their counterparts in neighboring countries, Honduran decision makers have managed to resist fierce pressure for a devaluation of the lempira. Yet both public and private investment continues to fall. In 1985, private investment was only 7 percent of gross domestic product compared to 15 percent in 1980.

Modest improvements in the Honduran economy are worth noting. During 1985, there was a modest 2.6 percent production increase, which brought per capita production back to 1976 levels. The country had its highest level of exports in five years, due in part to an increase in the volume of banana, sugar, beef and coffee exports. A drop in the inflation rate provided some relief to the consumer, but unemployment continued to rise.

Negative factors slowing growth continued to have a formidable impact. Despite a modest increase in coffee prices, continuing deterioration in the terms of trade raised export costs and reduced earnings. Foreign debt servicing weighed heavily in the deficit in the current account of the balance of payments, and the stalemate with the International Monetary Fund continued over efforts to adjust and reactivate the economy. Some progress has been made in renegotiating the outstanding private international debt, but no final agreements have been signed.

The Honduran economy continues to benefit from high levels of long-term concessional financing on preferential terms, mostly from the United States Agency for International Development. President Azcona was told by President Ronald Reagan in a recent trip to Washington that current aid levels would be maintained; thus the United States economic presence in Honduras continues to be a source of financial stability and dependency. During 1986, the United States will provide a combined total of \$200 million in economic and military assistance to Honduras. It is probable that another \$100 million will support contra efforts in Honduras. United States aid has become a major source of income for Honduras.

President Azcona's ability to improve economic conditions are severely limited. Structural constraints, fiscal and monetary problems, extremely high levels of external dependency and continued and growing subordination of the Honduran economy to the exigencies of the struggle with Nicaragua work against successful public policy initiatives. While the private sector has presented the government with a concise set of policy options,<sup>17</sup> public sector indeci-

(Continued on page 448)



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# THE MONTH IN REVIEW

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*A Current History chronology covering the most important events of October, 1986, to provide a day-by-day summary of world affairs.*

## INTERNATIONAL

### Arms Control

(See also *Reykjavik Summit*)

Oct. 15—U.S.—Soviet arms control talks resume in Geneva.

### Gulf Cooperation Council

Oct. 5—The 6 member nations end 2 days of talks on developing a strategy to end Iranian attacks on the sealanes used by Council members.

### International Monetary Fund (IMF)

Oct. 24—The IMF grants the Philippines a \$519.4-million loan.

### International Red Cross

Oct. 25—In Geneva, the Red Cross votes to expel South Africa's delegation from the organization because of South Africa's apartheid policy.

### Iran-Iraq War

Oct. 5—The government says Iranian planes bombed residential areas of Kut today, killing 8 people and wounding 33.

Oct. 11—The official Iranian press agency reports that Iranian commandos and Kurdish rebels destroyed Iraq's major oil refinery at Kirkuk yesterday.

Oct. 19—It is reported that 10 crewmen on a Panamanian tanker were killed on October 17 when an Iranian missile hit the tanker in the Persian Gulf.

### Organization of Petroleum Exporting Countries (OPEC)

(See also *Saudi Arabia*)

Oct. 6—Ministers from the 13-nation cartel begin an emergency meeting in Geneva in order to develop a pricing system.

Oct. 22—After 17 days of negotiations, OPEC ministers agree on a uniform production plan to bolster oil prices.

Oct. 30—Saudi Arabia's new acting oil minister, Hisham Nazer, calls for an immediate meeting of OPEC's 3-member price committee in order to raise the price of oil to at least \$18 per barrel.

### Reykjavik Summit

(See also *U.S.S.R.; U.S., Foreign Policy*)

Oct. 11—In Reykjavik, Iceland, Soviet General Secretary Mikhail Gorbachev and U.S. President Ronald Reagan begin a 2-day "minisummit" to discuss arms control, human rights and regional conflicts.

Oct. 12—The talks end; no date is announced for a formal summit in the U.S. President Reagan and Gorbachev ended their discussions, which centered on the elimination of strategic and intermediate-range nuclear weapons, because of Gorbachev's insistence that cuts in nuclear arms require limiting the U.S. Strategic Defense Initiative (SDI) to laboratory testing and President Reagan's refusal to consider limits on SDI.

### United Nations (UN)

(See also *U.S., Foreign Policy*)

Oct. 6—United Nations Educational, Scientific and Cultural Organization (UNESCO) Director General Maadou-Mahtar M'Bow announces that he will not seek a 3d term in office; his present term ends in November, 1987.

Oct. 21—The General Assembly votes 115 to 21 with 13 abstentions to ask Vietnam to withdraw its troops from Kampuchea.

## AFGHANISTAN

(See *U.S.S.R.*)

## ARGENTINA

Oct. 30—The government announces that a special military commission will study Britain's decision yesterday to extend the Falkland Islands fishing zone from 3 miles to 200 miles; President Raúl Alfonsín says the extension is a provocation.

## AUSTRIA

Oct. 28—The government says it is recalling its ambassador to Israel because of diplomatic problems since Kurt Waldheim was elected President of Austria in June; at that time Israel withdrew its ambassador to Austria.

## BANGLADESH

Oct. 13—The military government arrests the country's 2 main opposition leaders, Sheik Hasina of the Awami League and Khaleda Zia of the Bangladesh National party; both have called for a boycott of the presidential elections.

Oct. 16—President H. M. Ershad says he won yesterday's elections; he says he will lift martial law soon. Opposition figures say the voting was rigged.

## BELGIUM

Oct. 14—Prime Minister Wilfried Martens offers his resignation to King Baudouin after Martens fails to end a Cabinet dispute over the country's language.

Oct. 17—The King refuses to accept Martens's resignation.

Oct. 18—Interior Minister Charles-Ferdinand Nothomb resigns; Martens names Joseph Michel to the post.

## BOLIVIA

Oct. 17—Foreign Minister Guillermo Bedregal says the 100 U.S. troops taking part in a drug-eradication program will leave Bolivia by November 25.

## CANADA

(See *U.S.S.R.; U.S., Foreign Policy*)

## CENTRAL AFRICAN REPUBLIC

Oct. 23—The government jails former Emperor Jean-Bedel Bokassa after Bokassa unexpectedly arrives from exile in France; Bokassa, who declared himself emperor in 1981, was sentenced to death in absentia in 1983.

## CHILE

Oct. 9—President Augusto Pinochet tells the Interior Ministry to open discussion with opposition parties that recognize the 1980 constitution, which allows Pinochet to rule until 1994.

Oct. 28—It is reported that Pinochet will allow 200 political exiles to return to Chile; about 3,500 people are still exiled.

## CHINA

(See also *U.S.S.R.; U.S., Foreign Policy*)

- Oct. 5—Communist party Secretary General Hu Yaobang tells visiting Yugoslav Defense Minister Branko Mamula that Communist nations should try to coexist with capitalist nations.
- Oct. 22—China and Portugal reach a preliminary agreement on the return of Macao to China; no date is given.

## CUBA

- Oct. 18—Ramón Conte Hernández, the last imprisoned member of the U.S.-sponsored 1961 Bay of Pigs invasion, arrives in the U.S. after his release from prison today.

## EGYPT

- Oct. 2—The government says 98 percent of those voting in October 1 by-elections for the advisory Shura Council voted for candidates from President Hosni Mubarak's National Democratic party.
- Oct. 7—Palestine Liberation Organization (PLO) chairman Yasir Arafat says the PLO is moving its military command from Tunis to Yemen and Iraq.

## EL SALVADOR

- Oct. 11—Aftershocks from an earthquake that occurred yesterday cause more damage to San Salvador; an estimated 100 to 400 people were killed.
- Oct. 28—At least 900 people are now thought to have died in the earthquake.

## ETHIOPIA

- Oct. 27—Foreign Minister Goshu Wolde announces that he is resigning his post; he says Ethiopia's government is authoritarian and dictatorial.

## FRANCE

(See also *Iran*)

- Oct. 21—Millions of public sector workers stage a 1-day strike to protest economic difficulties and planned cuts in public employment.
- Oct. 30—Government officials deny that Syria helped France to arrange a truce with the terrorist group that set off several bombs in Paris last month; however, Interior Minister Charles Pasqua says that the French and Syrian secret services have entered into a "real collaboration."

## GERMANY, WEST

(See *U.S., Foreign Policy*)

## GREECE

- Oct. 20—The results of yesterday's elections show that the Socialist mayors of Athens, Salonika and Piraeus were defeated; Socialist Prime Minister Andreas Papandreu says he will not change his economic austerity policies because of his party's defeat.
- Oct. 30—Papandreu replaces 4 Cabinet ministers and abolishes 11 Cabinet positions.

## HONDURAS

(See *U.S., Foreign Policy*)

## INDIA

- Oct. 2—Prime Minister Rajiv Gandhi escapes an assassination attempt in New Delhi.
- Oct. 22—Gandhi fires 5 ministers and appoints 7 new ministers in his 8th Cabinet shuffle in the last 2 years.
- Oct. 29—After a 9-year secret trial, 6 men are sentenced to 3-year prison terms for spying for the U.S.

## IRAN

(See also *Intl, Iran-Iraq War*)

- Oct. 2—Iranian Foreign Minister Ali Akbar Velayati says he held "extensive talks" with French officials recently in order to improve relations between Iran and France.

## IRAQ

(See *Intl, Iran-Iraq War*)

## IRELAND

- Oct. 23—The ruling Fine Gael-Labor party coalition wins a vote of confidence, 83 to 81.

## ISRAEL

(See also *Austria; Lebanon*)

- Oct. 5—*The Sunday Times* (London) reports that Israel has built about 100 atomic weapons in the last 20 years. Israel continues to deny that it has atomic weapons.
- Oct. 10—Prime Minister Shimon Peres resigns as required by a 1984 Labor party-Likud bloc power-sharing agreement.
- Oct. 15—One person is killed and 65 are wounded when grenades are thrown at a group of soldiers and their relatives in Jerusalem.
- Oct. 20—Likud bloc leader Yitzhak Shamir is sworn in as Prime Minister; he will hold the post for the next 2 months. Peres will take over Shamir's post of foreign minister.
- Oct. 28—John McKnight, an Australian priest who befriended Mordechai Vanuna, the Israeli nuclear technician who gave information about Israel's nuclear arsenal to *The Sunday Times*, says he is ending his search for the technician; McKnight believes Vanuna has been abducted by Israeli secret police.

## JAPAN

(See *U.S., Economy, Foreign Policy*)

## JORDAN

- Oct. 4—The Cabinet is shuffled.

## KOREA, SOUTH

- Oct. 17—Opposition lawmaker Yoo Sung Hwan is arrested for remarks that violate the government's national security laws; opposition lawmakers stage a sit-in at the National Assembly but fail to block a vote required for the arrest.
- Oct. 31—About 1,000 students at Seoul's Konkuk University are arrested after a force of more than 7,000 riot police end a student siege that began on October 28; the students were protesting Korea's authoritarian government and the stationing of U.S. troops in Korea.

## LAOS

- Oct. 31—Prince Souphanouvong resigns; the prince brought the Communist Pathet Lao to power in 1975.

## LEBANON

- Oct. 7—Sheik Sobhi Saleh, a prominent Sunni clergyman, is assassinated; no group takes responsibility.
- Oct. 11—It is reported that at least 60 people have been killed in the last 2 weeks of fighting between rival Maronite Christian militias.
- Oct. 16—An Israeli jet is shot down during an Israeli bombing raid on Palestinian guerrilla bases near Sidon; the pilot is rescued and the navigator is captured by Shiite Amal militiamen.
- Oct. 29—Fighting continues between Palestinian guerrillas and Shiite Amal militiamen in the Palestinian refugee camp of Burj al Brajneh.

## LIBYA

(See *U.S., Foreign Policy*)

## MOZAMBIQUE

(See also *South Africa; Zambia; Zimbabwe*)

Oct. 20—President Samora Machel is killed in a plane crash in South Africa. The South African government says the plane crashed because of a storm; it will allow international observers to investigate.

## NICARAGUA

(See also *U.S., Foreign Policy*)

Oct. 7—The government reports that in southern Nicaragua its troops shot down a U.S. airplane carrying supplies for the contras; 3 crewmen, including 2 Americans, are killed in the crash. The Nicaraguans say Eugene Hasenfus, an American captured after the crash, works for the U.S. Central Intelligence Agency (CIA); the U.S. denies any ties to the men or the plane.

Oct. 9—Hasenfus tells a news conference in Managua that the CIA is in direct charge of the contra supply flights; he says the planes flew out of a U.S.-built military airbase in El Salvador.

Oct. 20—The government formally charges Hasenfus with several political crimes, including terrorism; Hasenfus will be tried by a People's Anti-Somocista Tribunal, a political court. He is not allowed to consult with his American lawyer, former Attorney General Griffin Bell.

Oct. 21—Six civilians are killed by a land mine planted by contras.

Oct. 30—Hasenfus's trial begins.

## PHILIPPINES

(See also *Intl, IMF; U.S., Legislation*)

Oct. 2—The Interior Ministry announces that New People's Army guerrilla leader Rodolfo Salas, who was captured September 29, has been charged with rebellion.

Oct. 4—President Corazon Aquino says she "thanks the American people" for Congress's decision to appropriate \$400 million in economic aid to the Philippines.

Oct. 15—A draft constitution is presented to Aquino; it will be voted on in a plebiscite in January, 1987.

Oct. 18—Peace talks resume between the government and the Communist guerrillas.

Oct. 25—At a 5,000-person anti-Communist rally in Manila, Defense Minister Juan Ponce Enrile says he finds Aquino's government ineffective.

Oct. 26—Enrile appears before a rally supporting deposed President Ferdinand Marcos.

Oct. 29—Vice President Salvador Laurel proposes a nationwide vote of confidence on the Aquino government; Laurel has joined Enrile in criticizing a clause in the draft constitution that would allow Aquino and Laurel to stay in office until 1992.

## PORTUGAL

(See *China*)

## SAUDI ARABIA

(See also *Intl, OPEC*)

Oct. 30—King Fahd ibn Abdul Aziz dismisses Sheik Ahmed Zaki Yamani from his post of oil minister; Minister of Planning Hisham Nazer takes over the portfolio in addition to his present position. No reason is given for Yamani's dismissal.

## SOUTH AFRICA

(See also *Intl, Intl Red Cross; Mozambique; U.S., Foreign Policy, Labor and Industry, Legislation*)

Oct. 1—Foreign Minister Roelof Botha telephones U.S. Senators who are to vote tomorrow on overriding U.S. President Ronald Reagan's veto of a bill imposing economic

sanctions on South Africa; Botha tells the Senators that if an override is successful, South Africa will cut off purchases of American grain.

Approximately 275,000 black miners stage a 1-day strike to protest the death of 177 miners killed in a mine accident last month.

Oct. 8—The government announces that it will repatriate about 61,000 Mozambicans working in South Africa because of alleged Mozambican backing for the African National Congress (ANC).

Oct. 9—The government bans the United Democratic Front (UDF) from receiving foreign funding; the UDF is the largest antiapartheid group in South Africa.

Oct. 17—The government orders the 10,000 residents of the black township of Oukasie to move to a new segregated area called Lethlabile because it is dismantling Oukasie.

Oct. 23—The Foreign Ministry protests to the U.S. chargé d'affaires, Richard Barkley, about a U.S. Commerce Department report that calls South Africa an unattractive site for U.S. business investment; the Foreign Ministry says the report is "insulting and hostile."

## SPAIN

Oct. 25—Using a car bomb, Basque terrorists kill the military governor of the Basque province of Guipúzcoa.

## SRI LANKA

Oct. 12—Three soldiers are killed in an ambush by Tamil guerrillas; 8 of the guerrillas are killed in a counterattack by government troops.

## THE SUDAN

Oct. 7—At the UN, Prime Minister Sadiq Mahdi says the Sudan will not repay its entire \$10-billion foreign debt; the government will "distinguish between that which is legitimate and that which is not legitimate."

## SYRIA

(See also *France; UK, Great Britain*)

Oct. 24—The government retaliates for Britain's breaking of diplomatic ties by breaking relations with Britain and closing Syria's ports and airports to British ships and aircraft.

## TAIWAN

Oct. 15—The ruling National party says it will lift martial law at some future date; Taiwan has been ruled by martial law since 1949.

## TURKEY

Oct. 15—Prime Minister Turgut Ozal's Cabinet resigns; Ozal will appoint a new Cabinet that recognizes the ruling party's losses in last month's by-elections.

## UGANDA

Oct. 5—The government says it has detained a former Vice President, 2 Cabinet ministers and others for plotting to overthrow the government of President Yoweri Museveni; the ministers and Vice President were arrested on October 2.

Oct. 7—Former Vice President Paulo Muwanga and 17 other men are charged with treason.

## U.S.S.R.

(See also *Intl, Arms Control, Reykjavik Summit; U.S., Foreign Policy*)

Oct. 1—Foreign Minister Eduard Shevardnadze meets in Ottawa, Canada, with Canadian External Affairs Minister Joe Clark; the 2 reportedly discuss arms control and trade.

Oct. 4—Secretary General Mikhail Gorbachev alerts U.S.

President Ronald Reagan about a fire that broke out yesterday on a Soviet nuclear-powered submarine off the U.S. Atlantic Coast. Three crewmen have been killed; both the U.S. and Soviet governments say there is no danger of radioactive fallout from the fire.

- Oct. 5—In Beijing, Soviet Deputy Foreign Minister Igor Rogachev meets with Chinese Deputy Foreign Minister Qian Qichen for talks on the normalization of relations; Rogachev says ties between the Soviet Union and China are constantly improving.
- Oct. 6—Tass reports that the crippled submarine sank early today about 1,200 miles from the U.S.; all remaining crewmen escape.
- Oct. 8—The government says it has begun a previously announced withdrawal of 6 regiments of Soviet troops from Afghanistan; the regiments total about 6,000 men.
- Oct. 12—At a news conference at the end of the Reykjavik summit, Gorbachev says President Reagan "scuttled" the talks because of his insistence on testing and deploying the U.S. SDI program.
- Oct. 16—The government allows Soviet Jewish scientist David Goldfarb and his wife to emigrate; Goldfarb has been trying to leave the Soviet Union for 8 years.
- Oct. 18—The Reuters news service reports that the Central Statistical Bureau has released the first figures on the Soviet grain harvest in 5 years; 191.6 million metric tons of grain were harvested in 1985; the planned target was over 200 million metric tons.
- Oct. 19—The government expels 5 U.S. diplomats for spying; the expulsions follow the expulsion of 25 Soviet UN diplomats by the U.S.
- Oct. 22—Five more U.S. diplomats are expelled and 260 Soviet aides are barred from working at the U.S. embassy; the expulsions and banning are in retaliation for the U.S. expulsion of 55 Soviet diplomats yesterday.

## UNITED KINGDOM

### Great Britain

(See also *Argentina; Syria; U.S., Foreign Policy*)

- Oct. 24—Nezar Hindawi, a Jordanian, is found guilty of planting a bomb in the suitcase of his pregnant girlfriend and putting her on an El Al passenger jet; he is sentenced to 45 years in prison.
- The government announces that it is breaking off relations with Syria because of "conclusive evidence" that Syria aided Hindawi in his attempt to blow up the Israeli El Al passenger jet. The Syrian embassy is ordered closed and the ambassador and 21 Syrian personnel are ordered to leave the country within 2 weeks.
- Oct. 26—Conservative party deputy chairman Jeffrey Archer resigns after it is revealed that he gave money to a prostitute so the woman could leave the country to avoid a scandal.
- Oct. 27—Government restrictions on securities markets and on trading on the London Stock Exchange are officially relaxed.

## UNITED STATES

### Administration

- Oct. 8—The Justice Department reports a 1.9 percent decline in the nation's crime rate for 1985; there were 34.9 million reported crimes.
- Oct. 14—The Federal Bureau of Investigation (FBI) reports that the number of reported serious crimes rose 8 percent in the 1st half of 1986.
- Oct. 22—Attorney General Edwin Meese 3d says that the Supreme Court's interpretation of the constitution is not

"the supreme law of the land"; he suggests that only the parties to particular cases are bound by Supreme Court decisions.

Meese names a team of special prosecutors to handle pornography cases.

- Oct. 24—The Agriculture Department announces a program to pay farmers not to grow corn, sorghum, barley and oats; the program may cost between \$1 billion and \$1.5 billion.

The Federal Trade Commission issues regulations that will require new health warnings on snuff and chewing tobacco packages.

## Economy

- Oct. 3—The Labor Department reports that the national unemployment rate rose to 6.9 percent in September.
- Oct. 10—The Labor Department reports that its producer price index rose 0.4 percent in September.
- Oct. 22—The Commerce Department reports that the nation's gross national product (GNP) grew at an annual rate of 2.4 percent in the 3d quarter of 1986. The inflation rate was 2.5 percent in the same period.
- Oct. 23—The Commerce Department reports that its consumer price index rose 0.3 percent in September, which indicates an annual inflation rate of 4 percent.
- Budget Director James Miller 3d reports a \$220.7-billion U.S. budget deficit for the fiscal year 1986.
- Oct. 30—The Commerce Department reports that the trade deficit declined in September by \$760 million to \$12.5 billion.
- Oct. 31—The Treasury Department reduces the guaranteed minimum interest rate on new U.S. savings bonds from 7.5 percent to 6 percent, effective November 1.

The Commerce Department reports that its index of leading economic indicators rose 0.4 percent in September.

Treasury Secretary James Baker 3d and Japanese Finance Minister Kiichi Miyazawa agree on cooperative economic policies aimed at improving both countries' economies; Japan will lower its interest rates and the U.S. will halt efforts to lower the value of the dollar against the Japanese yen.

## Foreign Policy

(See also *Intl, Arms Control, Reykjavik Summit; Bolivia; Cuba; Nicaragua; South Africa; U.S.S.R.*)

- Oct. 2—U.S. trade representative Clayton Yeutter announces a 10 percent cut in lightweight polyester fabric imported from Japan because some of the fabric has been illegally transshipped from South Korea.

*Washington Post* reporter Bob Woodward charges that in mid-August the administration initiated a "disinformation" news campaign about Libya and its leader, Muammar Qaddafi, in effect deceiving the press; White House spokesman Larry Speakes denies the dissemination of false reports. Secretary of State George Shultz justifies any method used to scare Qaddafi.

- Oct. 3—President Ronald Reagan says that the U.S. has been unable to make contact with the kidnappers of the Americans held hostage in Beirut.

- Oct. 4—In his weekly radio address, President Reagan asks for bipartisan support for his upcoming Iceland mini-summit in order "to send the Soviets a consistent message of clear resolve and national security."

Soviet dissident Yuri Orlov and his wife arrive in the U.S. after they are allowed to leave the Soviet Union.

- Oct. 7—The Senate Select Committee on Intelligence charges that the Soviet assistant to UN Secretary General Javier Pérez de Cuéllar is a Soviet intelligence officer.

Defense Secretary Caspar Weinberger arrives in Beijing to



begin a 19-day, round-the-world trip to meet with military leaders.

Oct. 8—Assistant Secretary of State for Public Affairs Bernard Kalb resigns to protest "the reported disinformation program" that the Reagan administration initiated against Libya.

Oct. 11—President Reagan and Soviet General Secretary Gorbachev open talks in Reykjavik, Iceland, on arms control and human rights issues.

Oct. 12—Secretary of State George Shultz says "we are deeply disappointed" by the outcome of the Reykjavik summit.

Oct. 13—In a nationwide television address, President Reagan says that Gorbachev is at fault for the failed summit because he insisted on "killing" SDI.

Oct. 15—The last 5 of the 25 members of the Soviet mission at the UN ordered expelled by the U.S. leave the country.

Oct. 16—The Commerce Department announces the imposition of a 15 percent tariff on construction lumber from Canada because, the department claims, Canada subsidizes its lumber industry.

Oct. 17—Secretary Shultz makes public the U.S. arms control proposals to the Soviet Union made at the Iceland summit.

In a Nebraska speech, President Reagan calls his SDI program "a purely peaceful technology."

Oct. 21—Charles Redman succeeds Bernard Kalb as assistant secretary of state for public affairs.

Redman announces that 55 Soviet diplomats have been ordered to leave the U.S. by November 1 in retaliation for the Soviet expulsion of 5 U.S. diplomats from the Soviet Union on October 19.

West German Chancellor Helmut Kohl meets with President Reagan in Washington, D.C., to discuss the Iceland arms negotiations.

Oct. 24—Speakes reports that the U.S. is withdrawing its ambassador to Syria, William Eagleton Jr., to support Britain's decision today to break diplomatic relations with Syria.

Oct. 26—Assistant Secretary of Defense Richard Perle claims that the Soviet Union's comments about the Iceland summit are intended to "create divisions between us and our allies and to fuel a controversy here," and "to shift responsibility for the impasse in Reykjavik to the Strategic Defense Initiative." Perle further says that President Reagan "did not agree to give up all nuclear weapons" in 10 years.

Oct. 27—President Reagan signs an executive order putting into effect economic sanctions against South Africa.

Oct. 28—The Defense Department reports that in the last month the Soviet Union has supplied 6 MI-25 helicopter gunships and an An-30 reconnaissance plane to the Nicaraguan government.

Oct. 29—Warning Philippine Defense Minister Juan Ponce Enrile to stop his efforts to challenge Philippine President Corazon Aquino, State Department spokesman Charles Redman says that "U.S. support for President Aquino's government is complete and unequivocal."

Oct. 30—The State Department unofficially reports that the U.S. will offer Honduras either the U.S.-built F-5E or the Israeli-built Kfir jet fighter in order to upgrade the Honduran air force; Honduras and Mexico are the only 2 Central American countries with jet fighters.

Oct. 31—In 2 speeches today, Secretary Shultz says the Soviet Union's continuing human rights abuses "can only jeopardize" future U.S.-Soviet agreements on arms control and other issues.

Speaking in Spokane, President Reagan confuses the reported results of the Iceland summit when he says that

he proposed to the Soviet Union the elimination of "all offensive nuclear weapons," provided some agreement could be reached on his SDI program.

## Labor and Industry

Oct. 1—30,000 members of the International Longshoremen's Association go out on strike at 11 East Coast ports.

Oct. 3—The longshoremen end their strike with a 45-day contract extension.

Oct. 20—General Motors Corporation announces that it will sell its South African operations because of financial losses and because of South Africa's lack of progress against apartheid.

Oct. 21—International Business Machines discloses plans to sell its South African holdings because of deteriorating business and political conditions there.

Oct. 24—The Transportation Department approves the Texas Air Corporation's acquisition of People Express and its Frontier Airlines subsidiary.

## Legislation

(See also *South Africa*)

Oct. 2—Completing congressional action, the Senate votes 78 to 21 to override President Reagan's veto of the bill imposing economic sanctions on South Africa. On September 29, the House voted to override the President.

Oct. 3—With a voice vote, the Senate approves a bill calling for a stronger program to rid the nation's school buildings of asbestos.

After 2 negative votes, the Senate approves a \$200-million increase in economic aid for the Philippines; the House has already passed the measure.

Oct. 6—The Senate completes congressional action on a funding bill for the CIA that requires the agency to send reports to Congress about Soviet military capabilities.

Oct. 8—The House votes 386 to 27 for a compromise bill that provides \$9 billion over a 5-year period to clean up toxic waste sites and to strengthen present toxic waste laws; the Senate passed the measure 88 to 8 on October 3.

The House votes 250 to 150 to approve and the Senate approves by voice vote a 2-day, stopgap spending bill.

Oct. 9—The Senate approves the removal from office of U.S. district court Judge Harry E. Claiborne; he is found guilty on 3 counts and acquitted on 1 count of filing false tax returns and bringing the judiciary into disrepute. This is the 1st time in 50 years a judge has been impeached and convicted.

Oct. 15—The Senate confirms the nominations of 18 ambassadors, including Edward Perkins as ambassador to South Africa.

Oct. 16—President Reagan signs another stopgap spending bill, which will expire at 12:01 A.M. October 17.

Oct. 17—The House votes 235 to 172 and the Senate approves by voice vote a \$576-billion comprehensive appropriations bill for fiscal 1987; the bill contains 13 separate appropriations, including a Defense Department appropriation of \$290 billion.

The House votes 305 to 70 and the Senate votes 61 to 25 to approve the \$11.7-billion Omnibus Budget Reconciliation Act, a budget-reducing act required by law to reduce the budget deficit to \$154 billion by 1991; the measure raises the debt ceiling by \$189 billion to \$2.3 trillion.

Both Houses approve a measure that will for the most part eliminate mandatory retirement for workers at the age of 70.

Completing congressional action, the Senate votes 63 to 24 to pass the Comprehensive Immigration Reform and

Control Act of 1986. The House earlier voted 238 to 173 to approve the act.

The House votes 378 to 16 to approve the Omnibus Drug Act and the Senate approves it by a voice vote.

Completing congressional action, the Senate votes 84 to 2 to provide \$16.3 billion for the Water Resources Conservation, Development and Infrastructure Improvement and Rehabilitation Act.

President Reagan signs the \$9-billion toxic waste control bill.

Oct. 18—After passing a flurry of minor bills, the 99th Congress ends its second and final session.

Oct. 21—President Reagan signs the \$11.7-billion Omnibus Budget Reconciliation Act.

Oct. 22—President Reagan signs the Tax Reform Act of 1986.

President Reagan signs the bill that requires a stronger program to rid the nation's schools of asbestos.

Oct. 27—President Reagan signs the \$1.7-billion Omnibus Drug Act.

### Politics

Oct. 23—President Reagan begins a 13-state campaign tour to support Republican candidates for office.

### Science and Space

Oct. 29—Saying that the government programs for controlling AIDS (Acquired Immune Deficiency Syndrome) are

not adequate to the AIDS "epidemic" that could become "catastrophic," the National Academy of Sciences calls for a \$2-billion-a-year education and research effort to stem the spread of the disease.

### Supreme Court

Oct. 6—The Supreme Court begins its 1986–1987 term.

### Terrorism

Oct. 28—Two bombs explode outside U.S. Army recruiting stations in Puerto Rico, and bombs outside 8 other recruiting stations are disarmed.

### VIETNAM

(See *Intl, UN*)

### YUGOSLAVIA

(See *China*)

### ZAMBIA

Oct. 29—President Kenneth Kaunda says there is "sufficient circumstantial evidence" to hold South Africa responsible for the plane crash that killed Mozambican President Samora Machel.

### ZIMBABWE

Oct. 21—Hundreds of black youths riot in Harare to protest Mozambican President Samora Machel's death. ■

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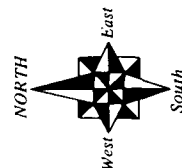
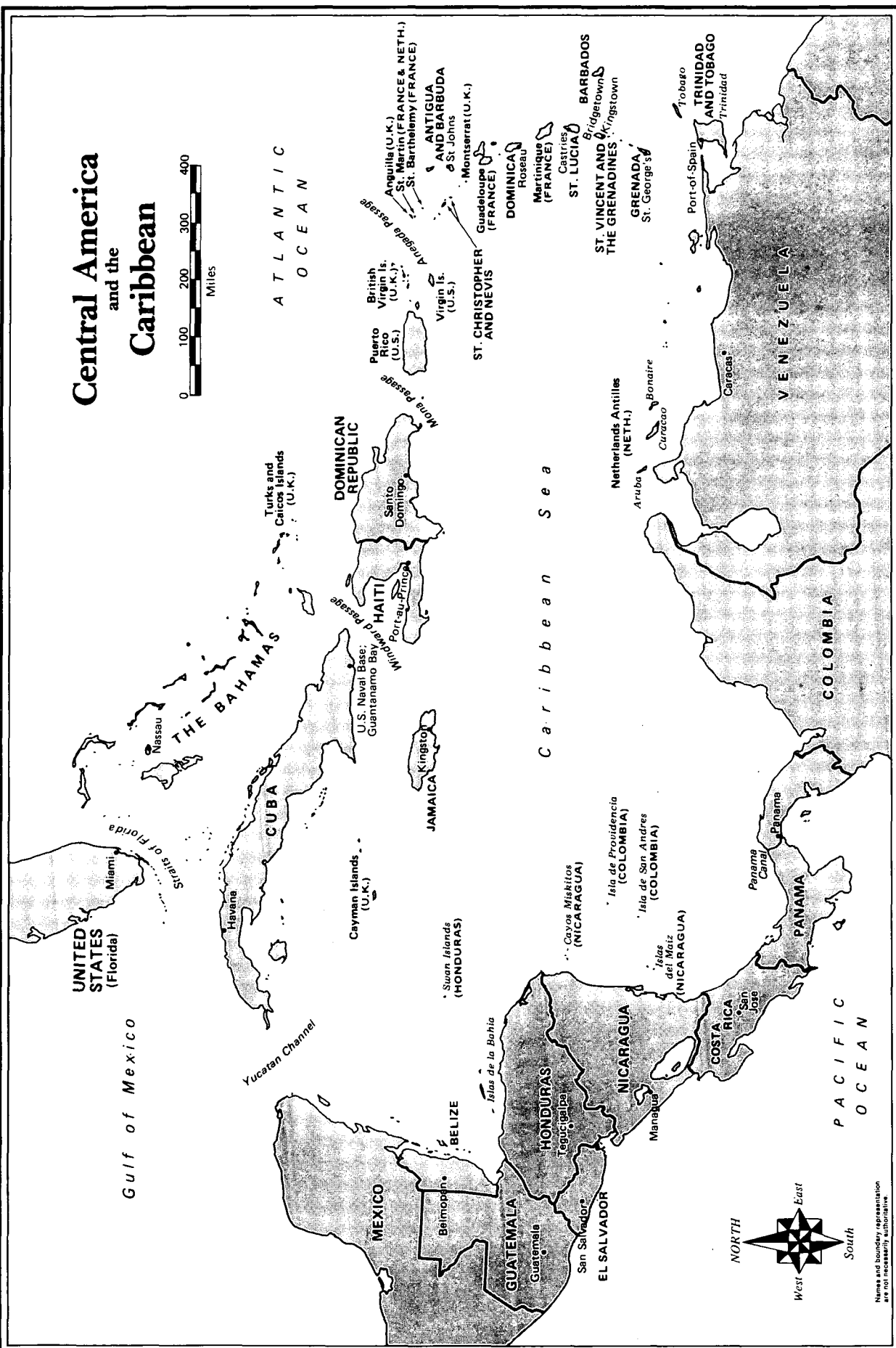
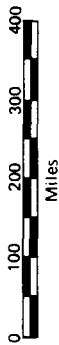
siveness is a major limitation to improved working relations.

### PROSPECTS FOR THE FUTURE

Initially caught in a conflict not of its own making, Honduras is now very much a part of the continuing crisis in Central America. The country is physically occupied by two foreign armies (United States and contra forces) and sometimes two other armies operate in Honduran territory. The political system, barely able to withstand fractious parties, polarizing personalism and excessive clientelism, must respond to the added demands imposed by extreme exile politics. The country's chief ally, while talking peace, prepares for war and is willing to pay to ensure local conformity.

Hondurans themselves have endured difficult regional conflicts that have spilled onto, if they have not originated on, their territory. However, the country's capacity to absorb the continuing conflict has limits. Institutionalized cynicism, in the form of corruption and venality, have reached alarming levels. The military is deeply involved in profiteering, leading businessmen have willingly defrauded the state, top-level politicians are respected and feared when they use corruption and cooptation, but they are ridiculed and ignored when they choose to operate more openly and honestly.

# Central America and the Caribbean



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